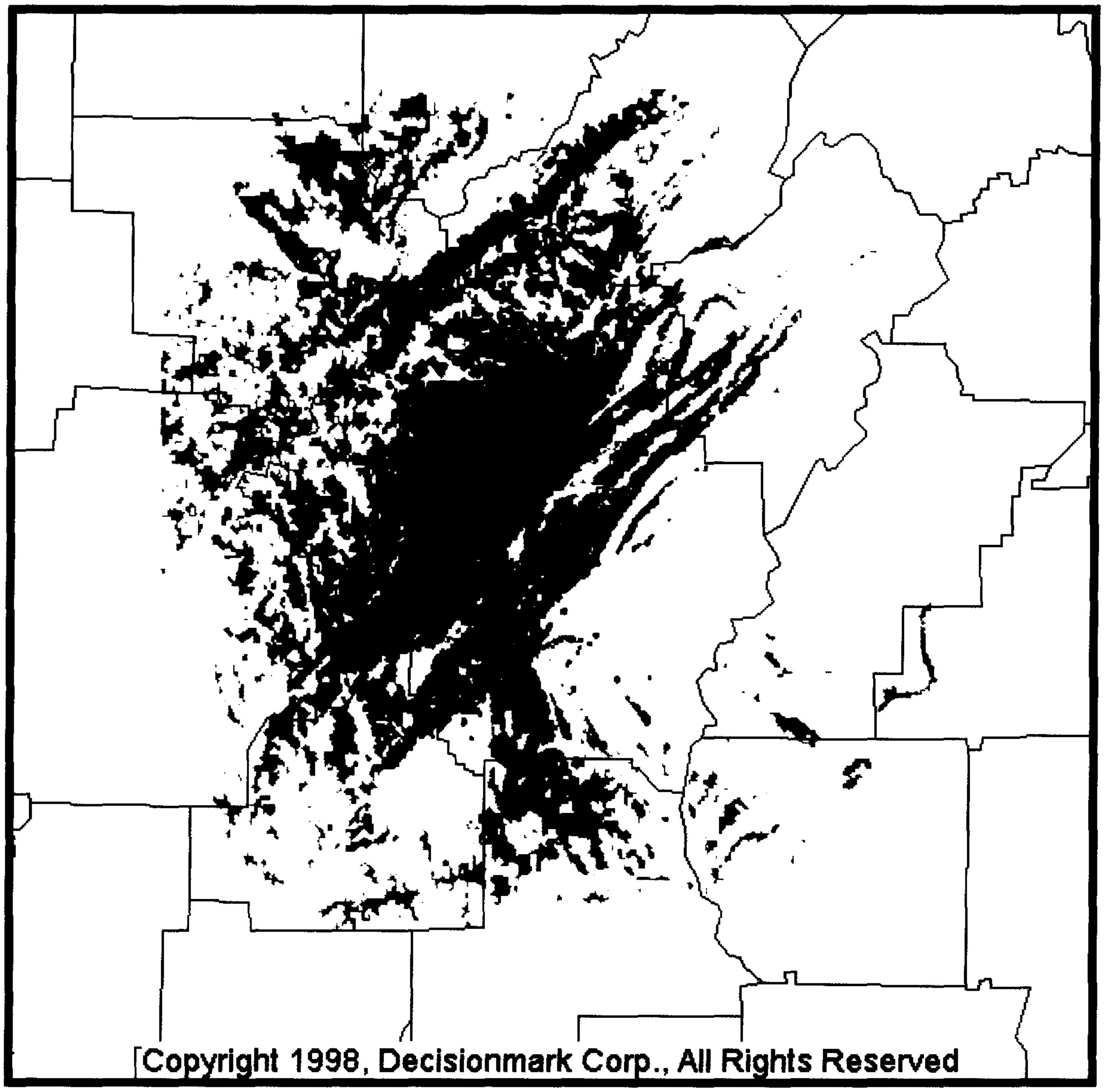
Medium
Markets

WBMA (ABC, Channel 58)

Birmingham, Alabama

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence

● Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence

▲ Tower Location

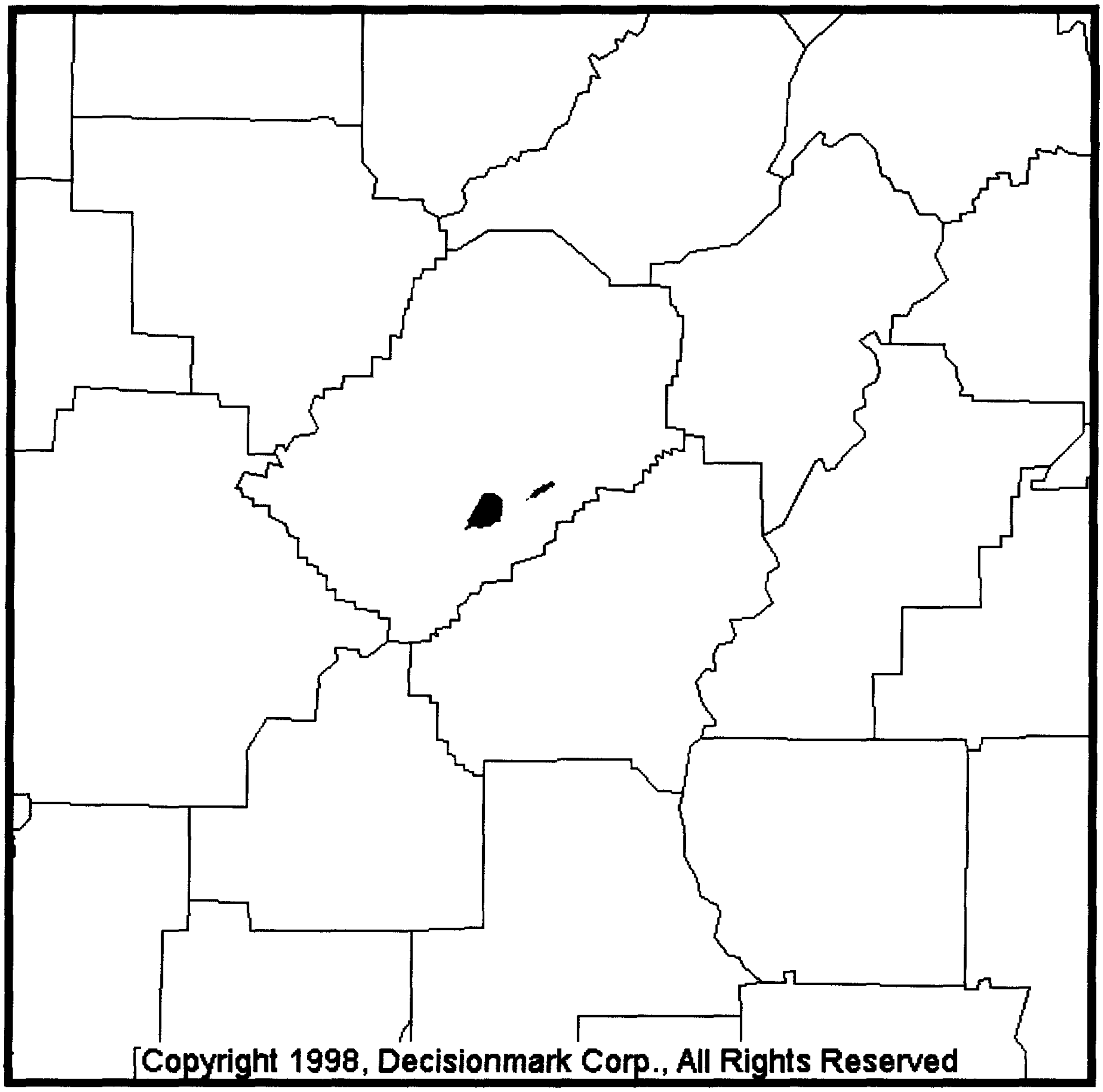
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	778,931	709,285	601,818	636,175
Served Households	297,545	272,672	234,073	245,522
Served Land Area (km²)	4,889	4,392	1,773	2,573

WBMA (ABC, Channel 58)

Birmingham, Alabama

Predicted Signal Areas and Demographics



- ● Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- ● Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

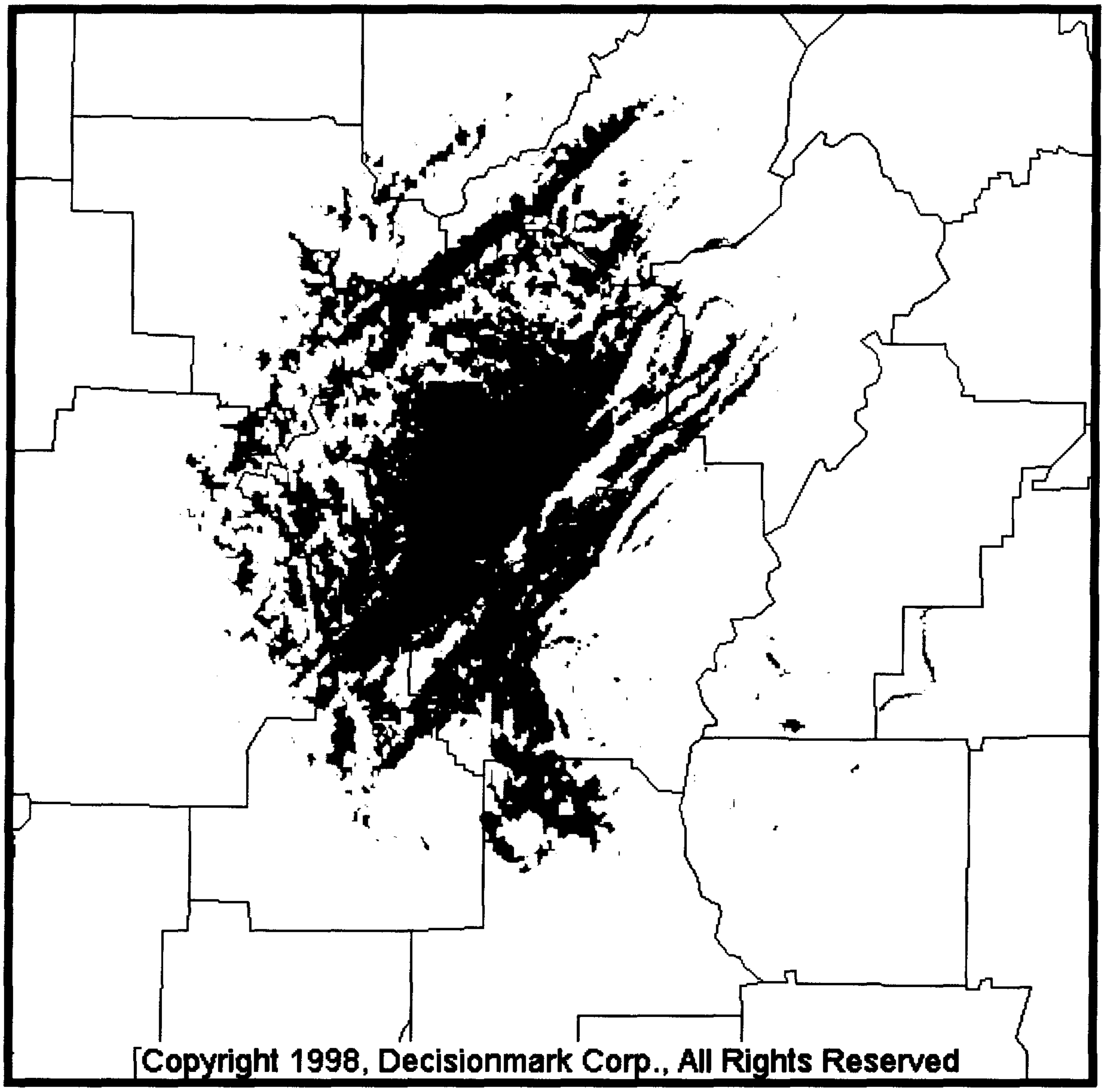
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	778,931	10,487	601,818	7,380
Served Households	297,545	3,673	234,073	2,500
Served Land Area (km²)	4,889	24	1,773	12

WBMA (ABC, Channel 58)

Birmingham, Alabama

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

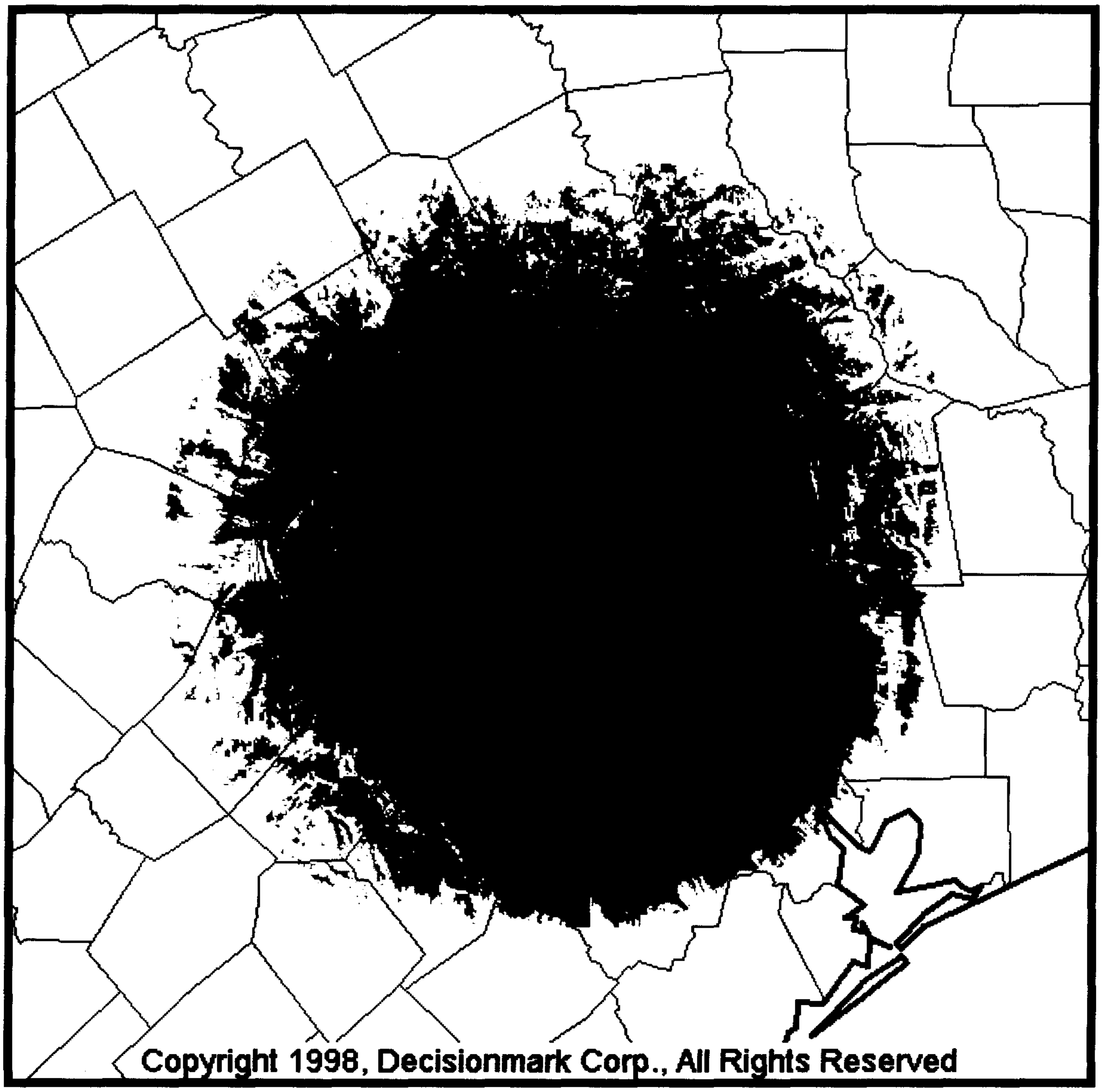
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	778,931	655,423
Served Households	297,545	252,669
Served Land Area (km²)	4,889	3,024

KBTX (CBS, Channel 3)

Bryan, Texas

Predicted Signal Areas and Demographics



- ● Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence
- ● Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence
- ▲ Tower Location

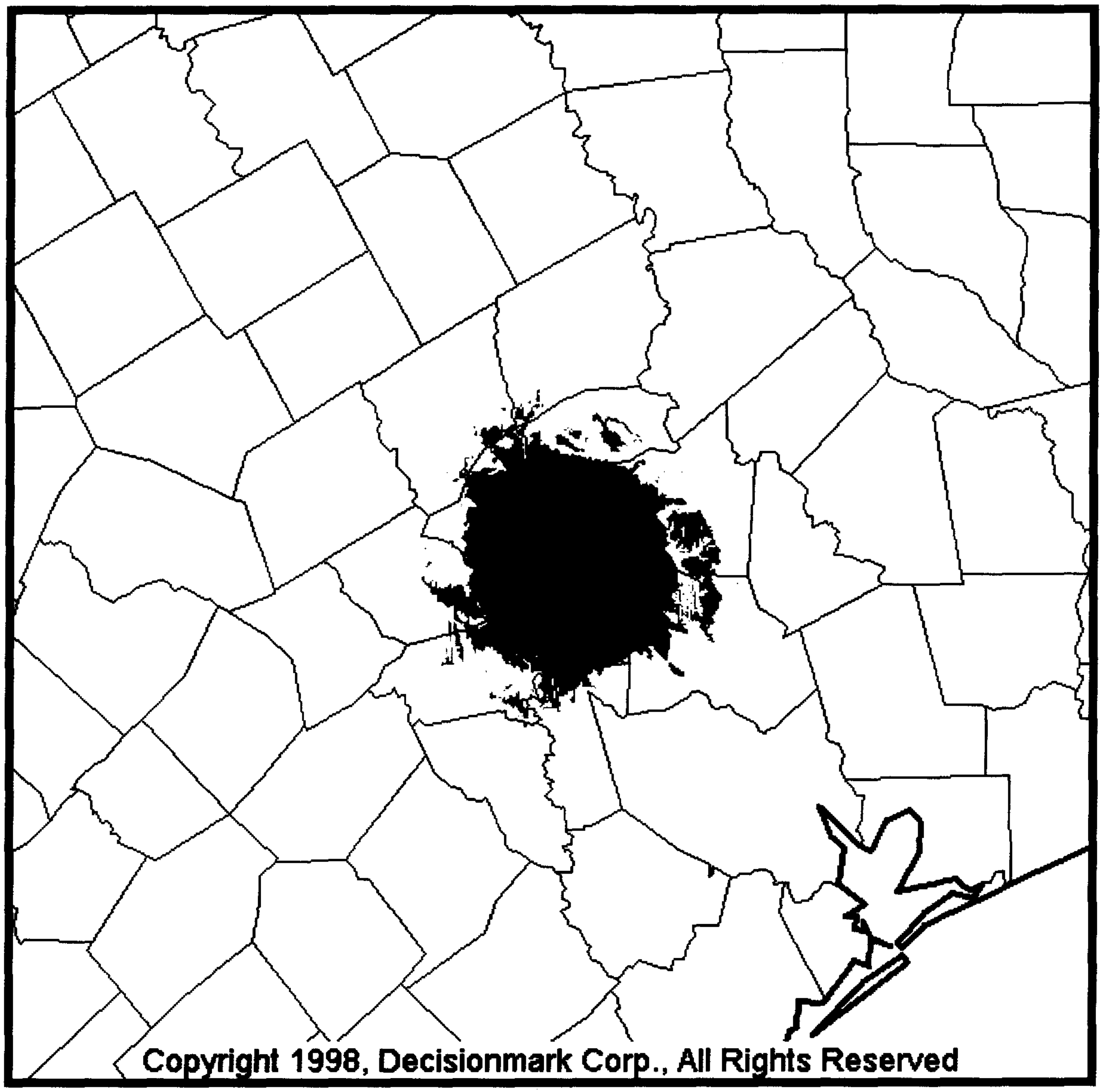
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	3,148,135	3,418,747	426,839	443,706
Served Households	1,135,372	1,230,430	147,004	154,148
Served Land Area (km²)	37,711	40,598	13,638	15,457

KBTX (CBS, Channel 3)

Bryan, Texas

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence

● Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence

▲ Tower Location

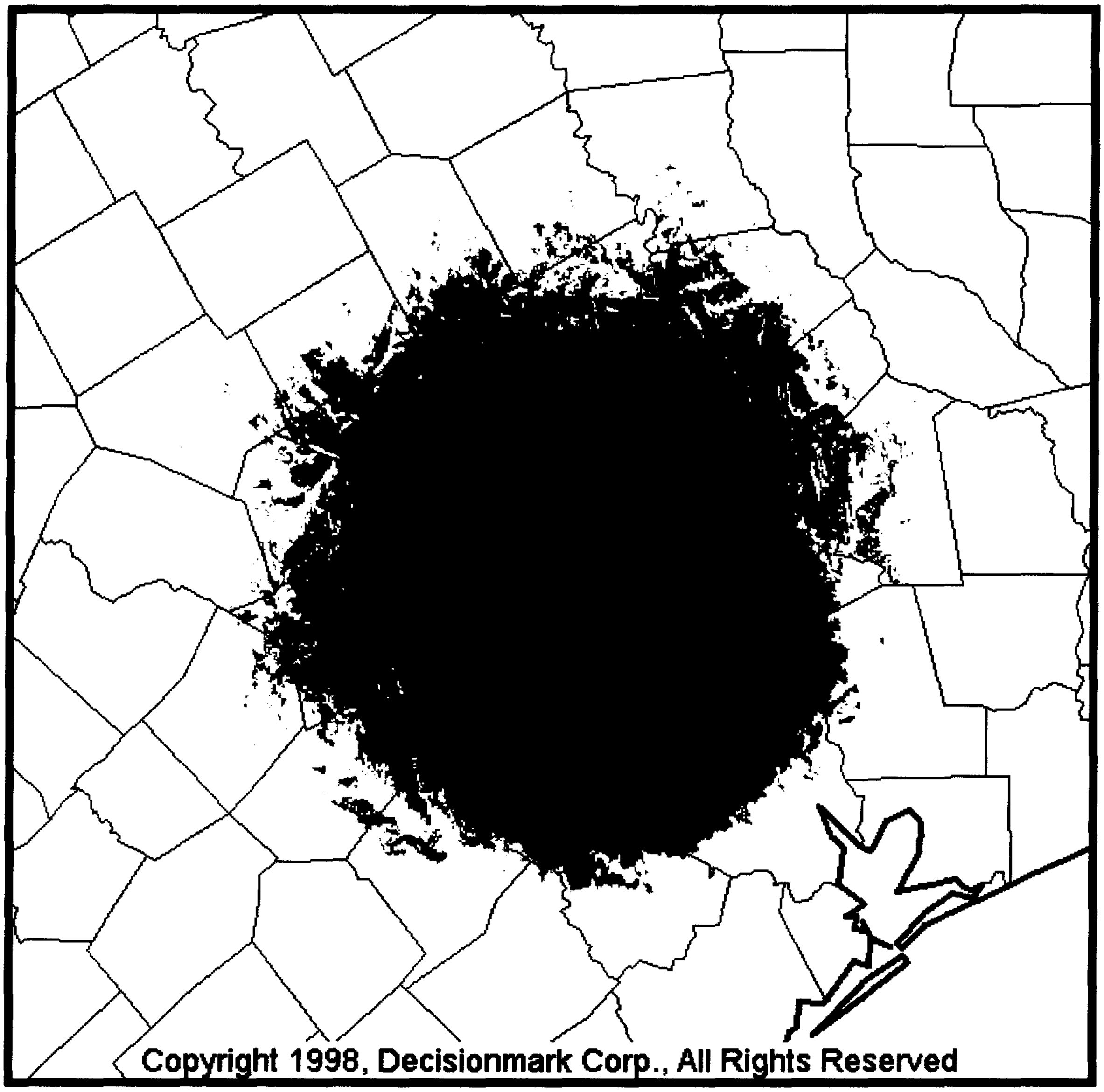
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	3,148,135	175,627	426,839	1,718
Served Households	1,135,372	62,523	147,004	678
Served Land Area (km^2)	37,711	5,050	13,638	453

KBTX (CBS, Channel 3)

Bryan, Texas

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

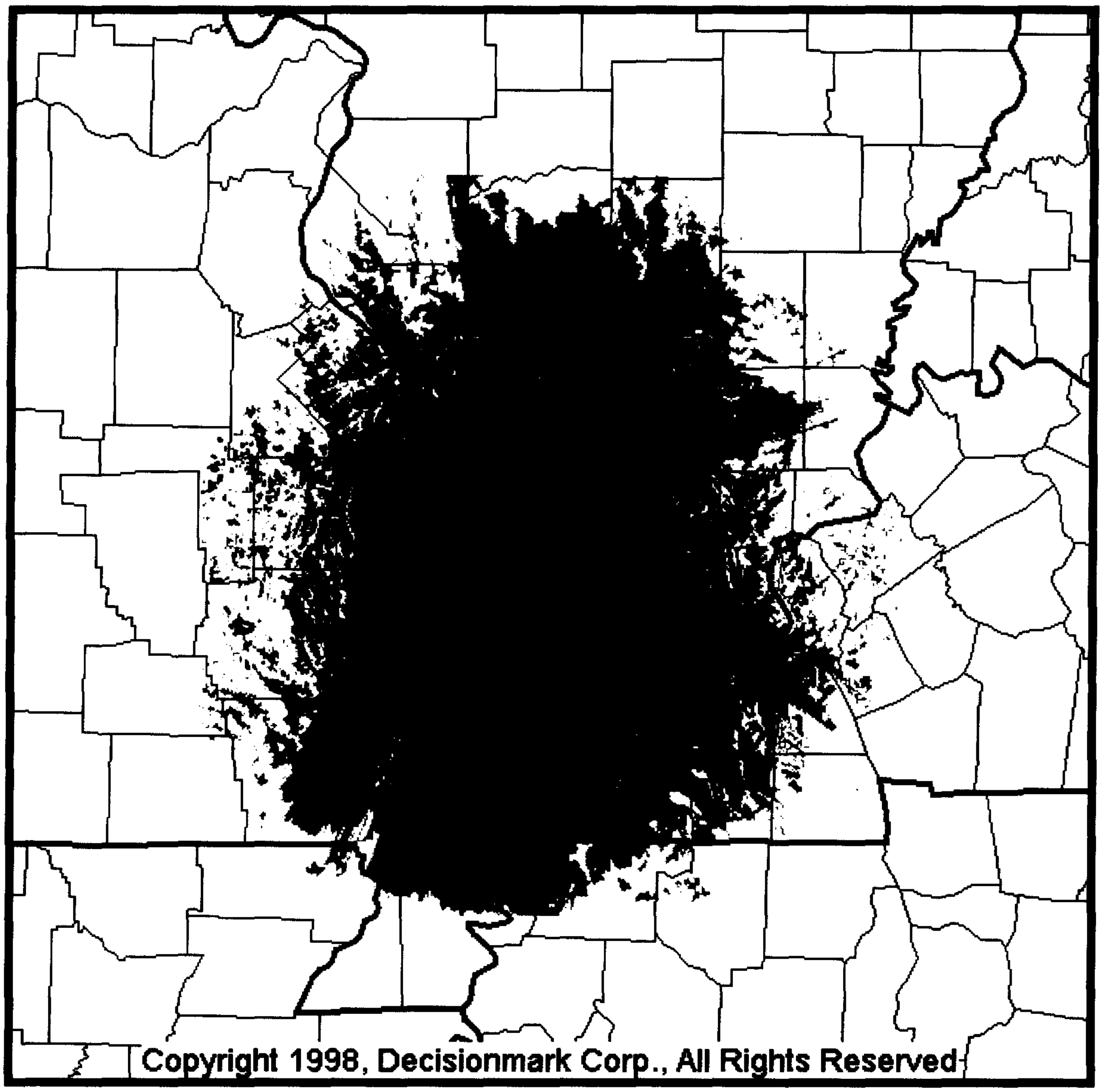
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	3,148,135	2,146,333
Served Households	1,135,372	780,986
Served Land Area (km²)	37,711	29,462

KBSI (FOX, Channel 23)

Cape Girardeau, Missouri

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence
- Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence
- ▲ Tower Location

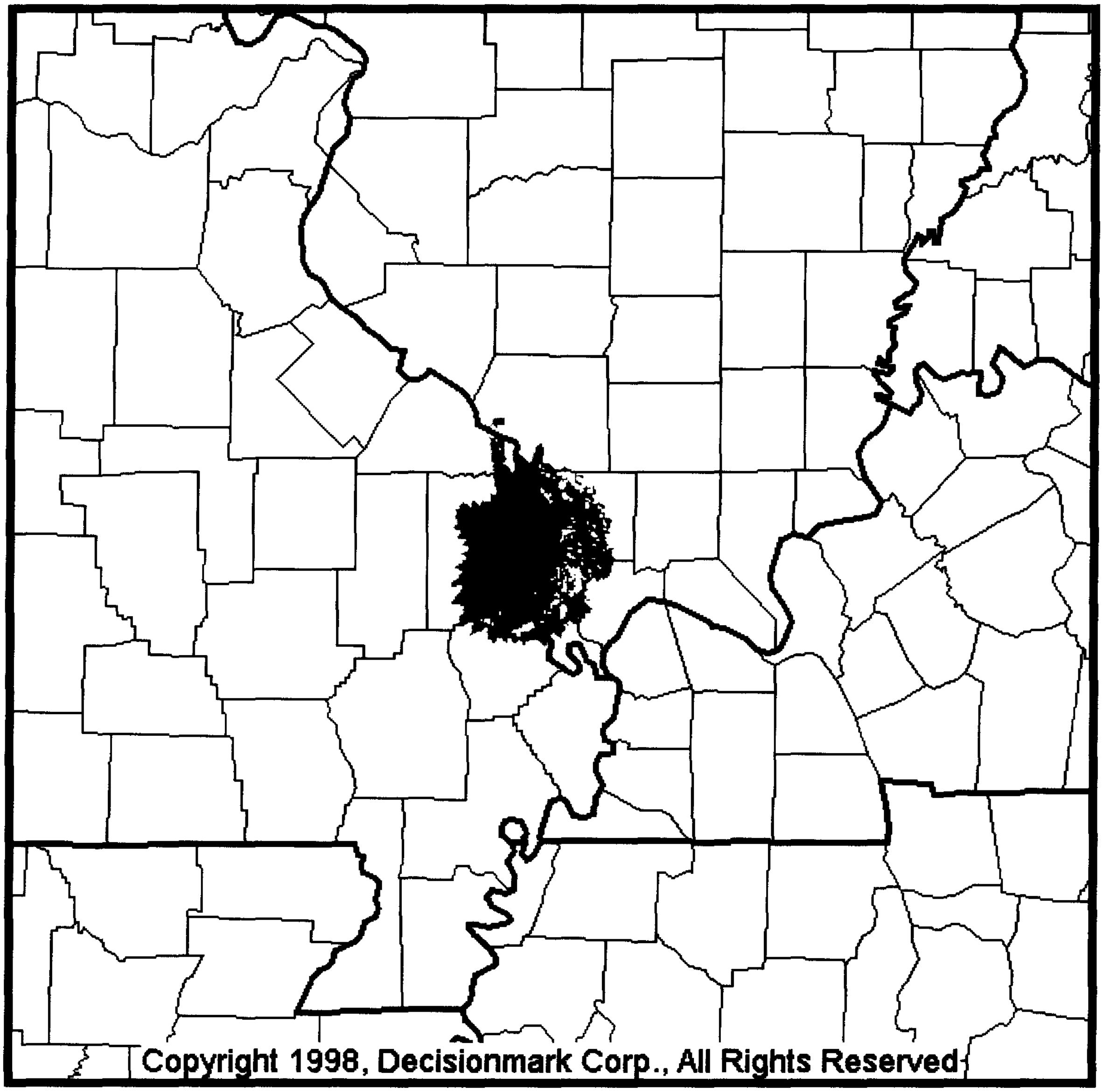
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	841,468	756,673	568,126	565,471
Served Households	323,744	292,875	218,643	217,764
Served Land Area (km²)	34,858	29,993	22,209	21,714

KBSI (FOX, Channel 23)

Cape Girardeau, Missouri

Predicted Signal Areas and Demographics



- ● Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- ● Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

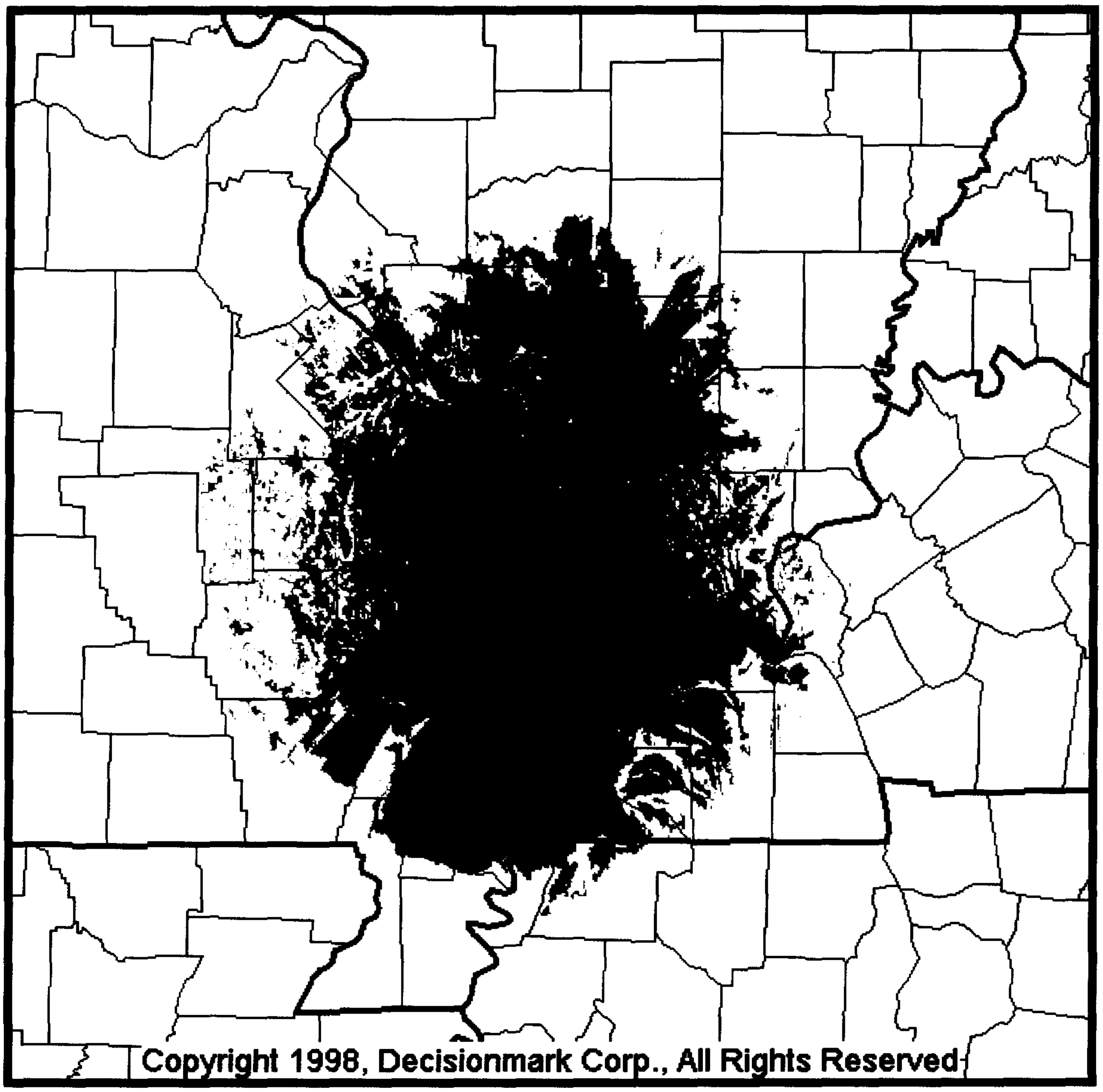
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	841,468	86,958	568,126	35,830
Served Households	323,744	33,399	218,643	13,858
Served Land Area (km²)	34,858	2,012	22,209	241

KBSI (FOX, Channel 23)

Cape Girardeau, Missouri

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence

▲ Tower Location

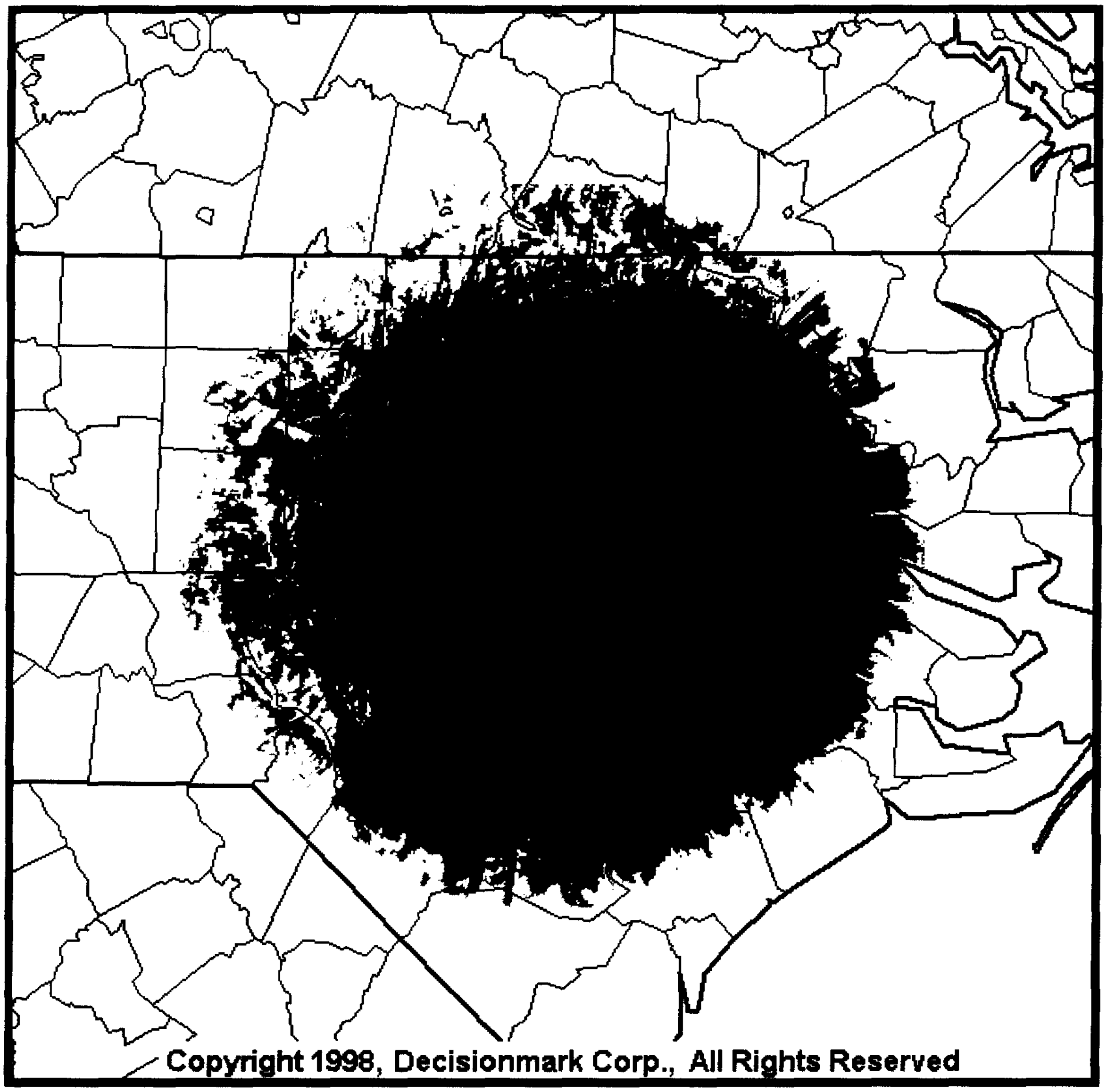
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	841,468	577,060
Served Households	323,744	222,284
Served Land Area (km^2)	34,858	22,323

WNCN (NBC, Channel 17)

Goldsboro, North Carolina

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence

● Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence

▲ Tower Location

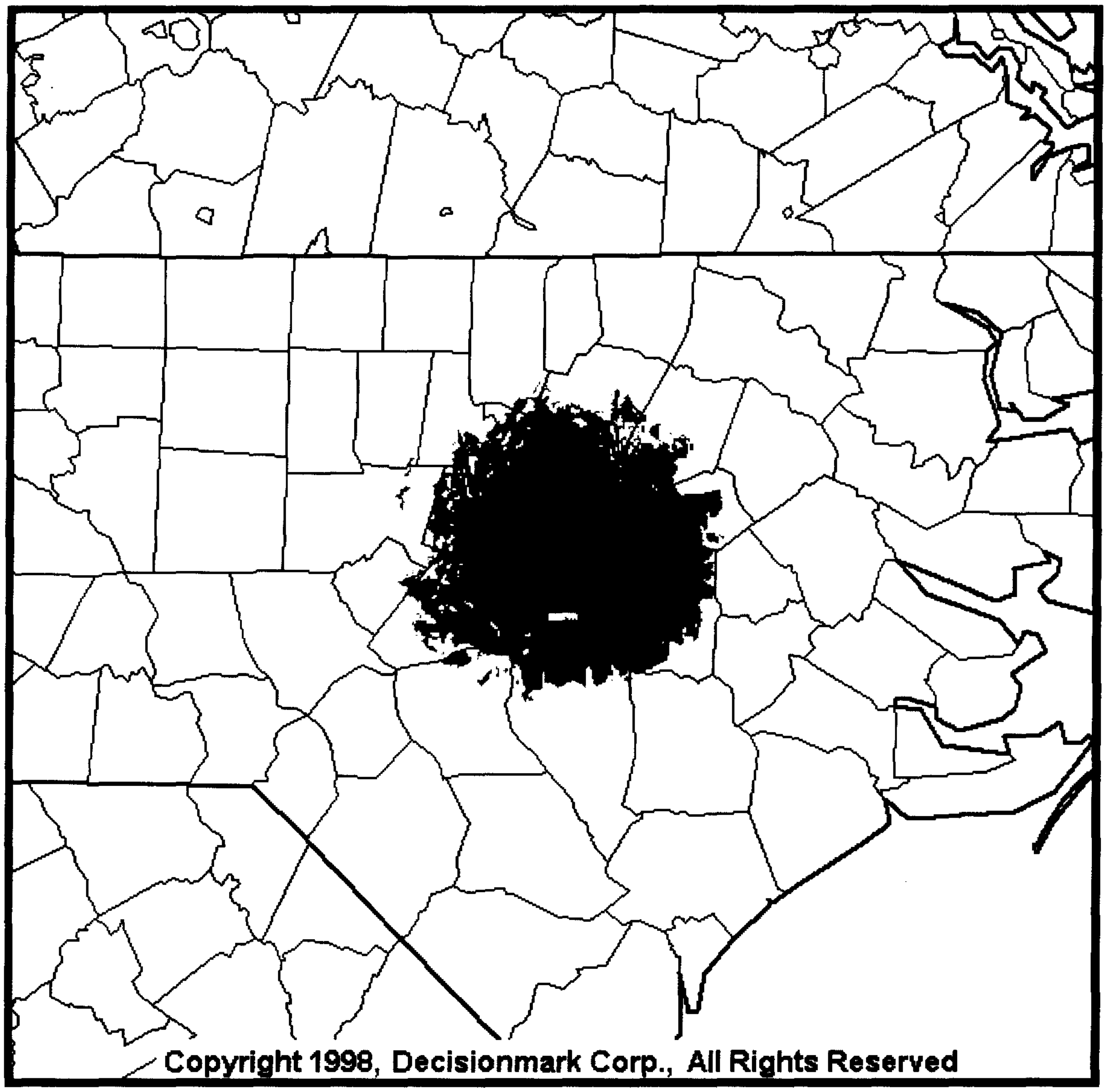
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	2,412,495	2,446,459	1,879,264	2,008,387
Served Households	892,310	903,626	691,442	740,365
Served Land Area (km²)	41,269	40,408	26,743	29,896

WNCN (NBC, Channel 17)

Goldsboro, North Carolina

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

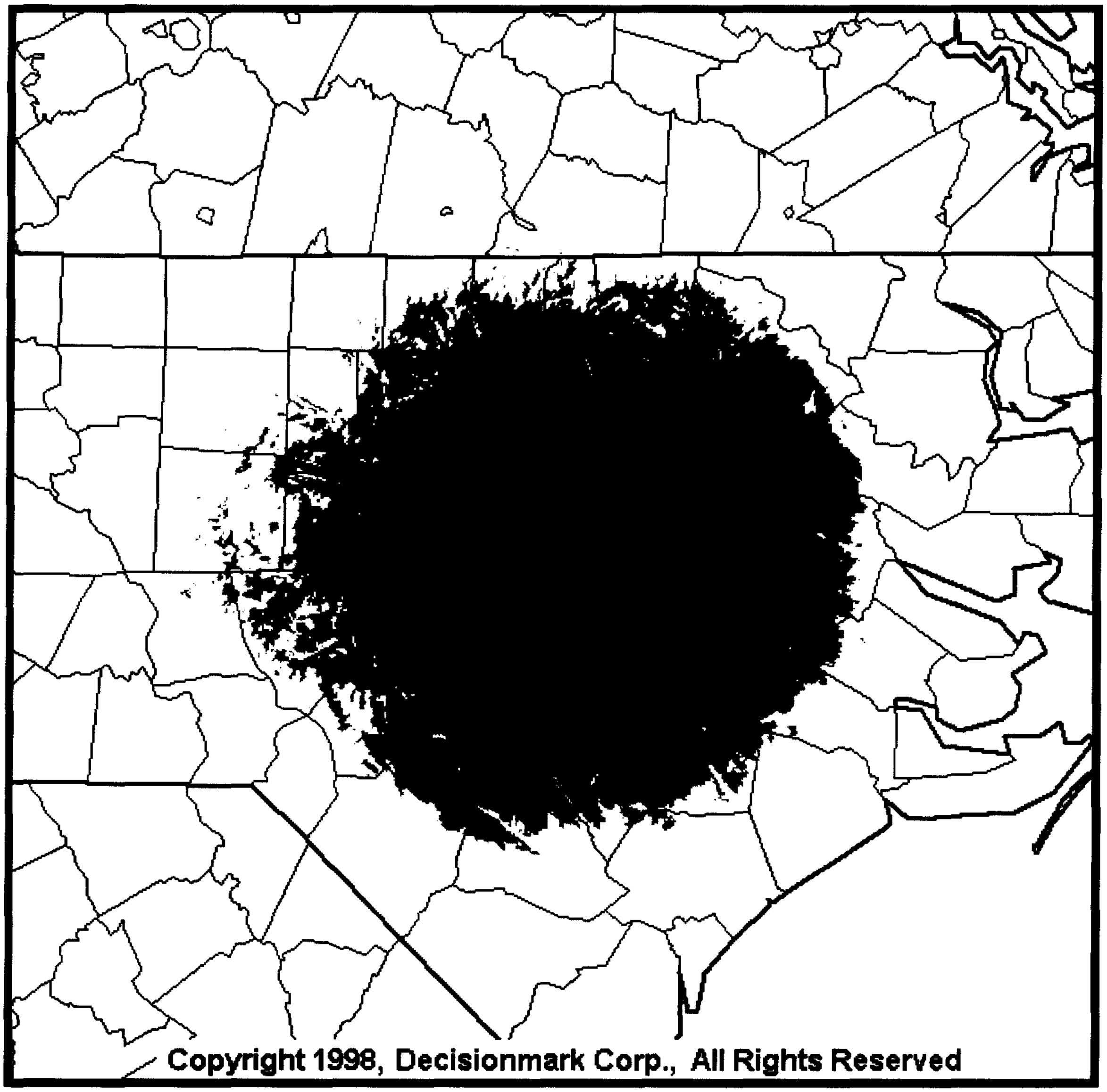
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	2,412,495	728,089	1,879,264	171,184
Served Households	892,310	278,894	691,442	64,170
Served Land Area (km²)	41,269	7,851	26,743	1,659

WNCN (NBC, Channel 17)

Goldsboro, North Carolina

Predicted Signal Areas and Demographics



●	Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲	Tower Location

Summary Demographic Data (1990 Census)

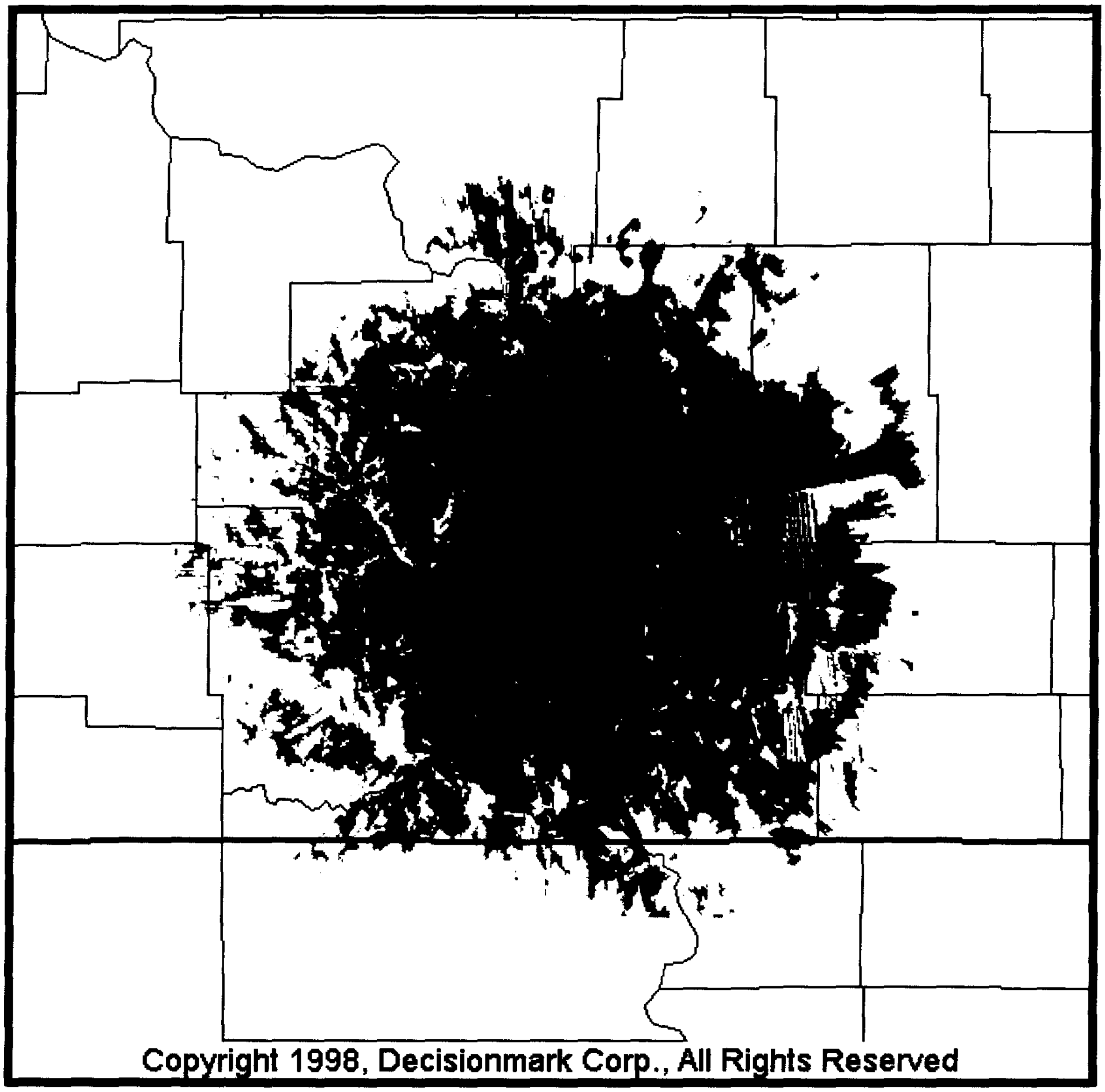
	FCC B	L/R B (70/90/50)
Served Population	2,412,495	2,007,816
Served Households	892,310	740,033
Served Land Area (km^2)	41,269	29,808

Small
Markets

KBMY (ABC, Channel 17)

Bismarck, North Dakota

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence

● Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence

▲ Tower Location

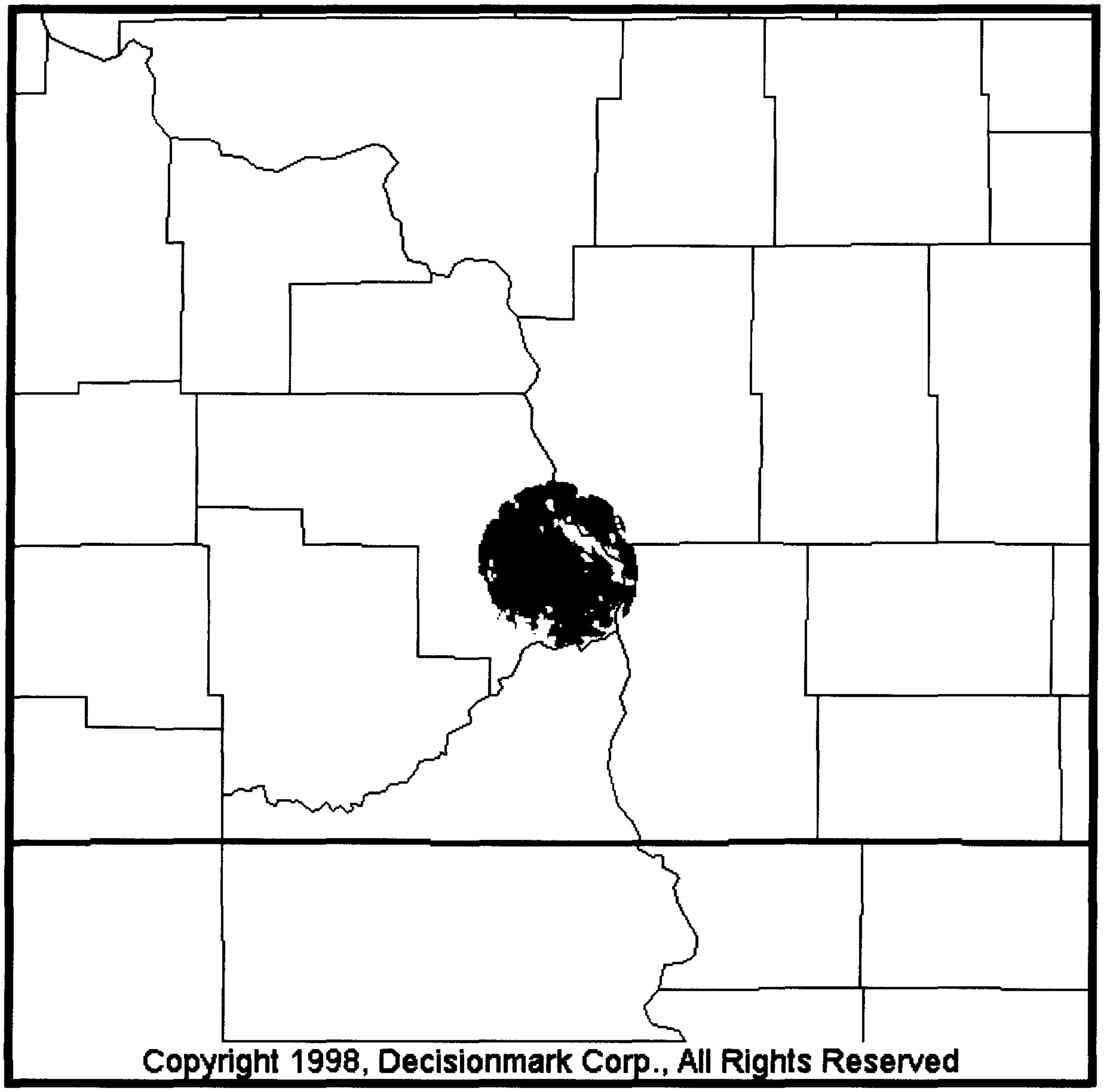
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	98,955	99,344	87,702	86,823
Served Households	36,529	36,740	32,457	32,041
Served Land Area (km²)	14,299	13,560	8,594	9,019

KBMY (ABC, Channel 17)

Bismarck, North Dakota

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence

● Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence

▲ Tower Location

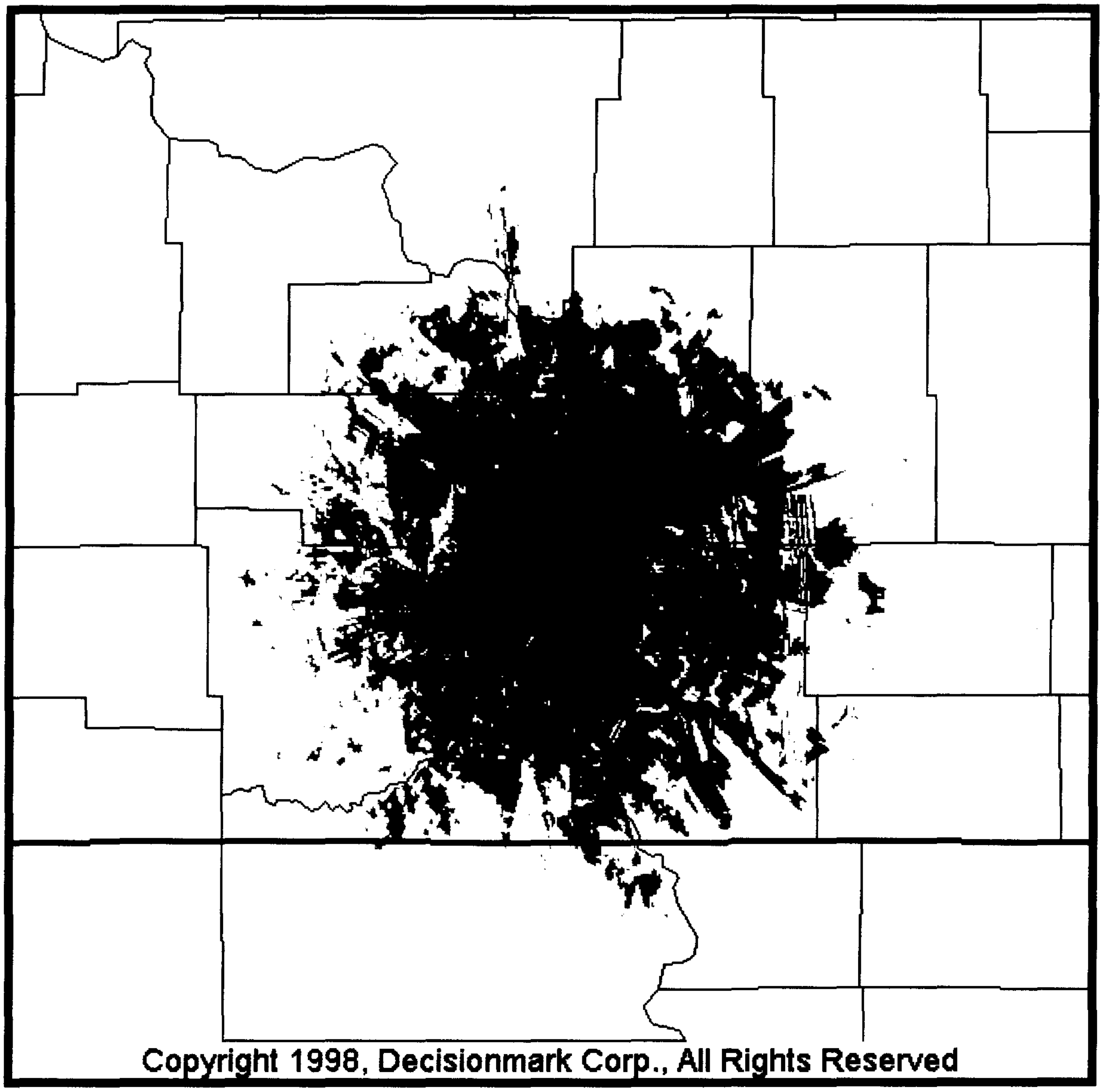
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	98,955	703	87,702	95
Served Households	36,529	196	32,457	31
Served Land Area (km^2)	14,299	498	8,594	152

KBMY (ABC, Channel 17)

Bismarck, North Dakota

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

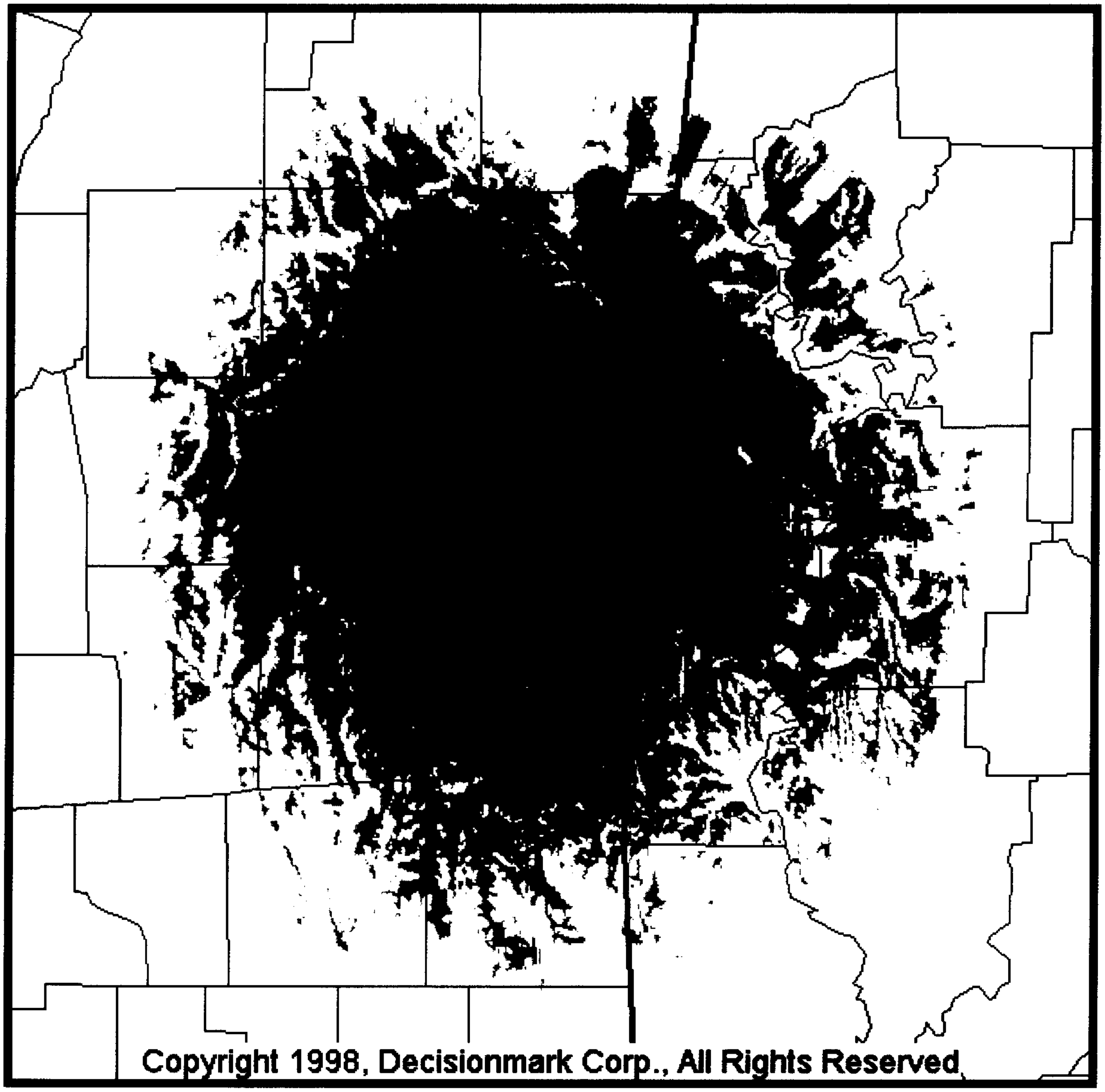
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	98,955	88,033
Served Households	36,529	32,489
Served Land Area (km^2)	14,299	9,706

WMDN (CBS, Channel 24)

Meridian, Mississippi

Predicted Signal Areas and Demographics



● Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence

● Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence

▲ Tower Location

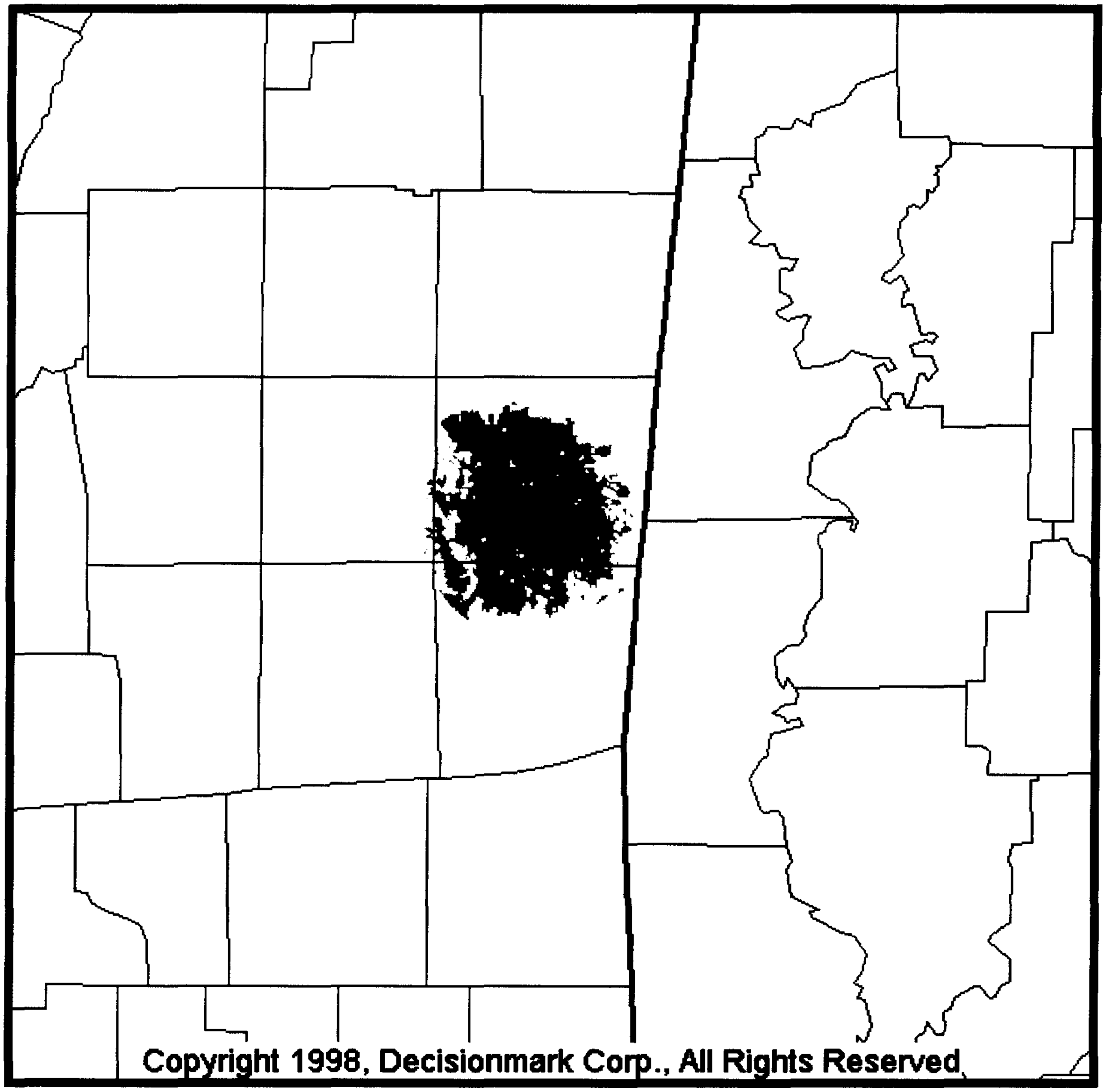
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	243,376	244,219	152,791	156,478
Served Households	87,840	88,320	55,952	57,245
Served Land Area (km^2)	15,898	15,593	8,690	9,292

WMDN (CBS, Channel 24)

Meridian, Mississippi

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

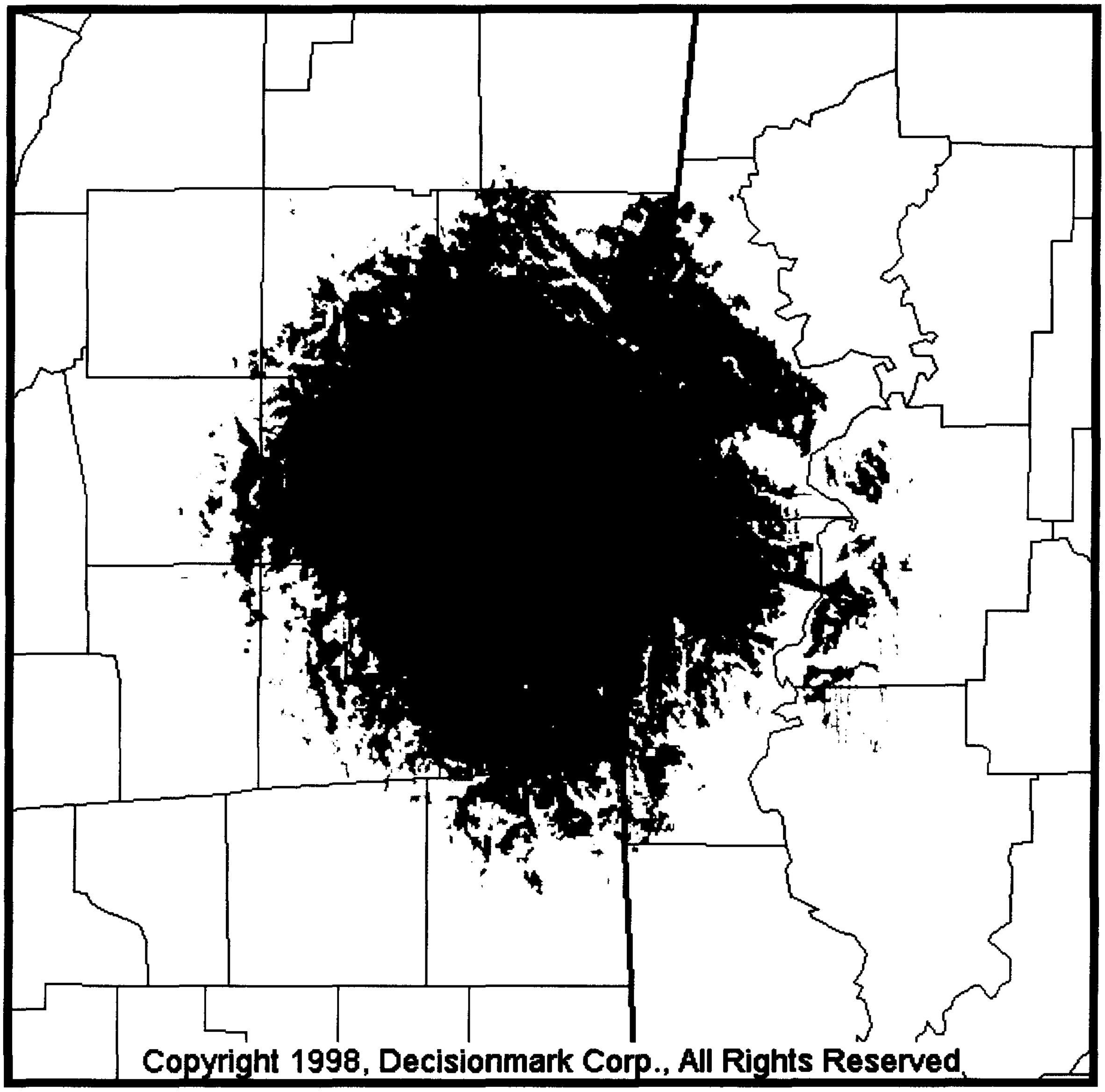
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	243,376	60,645	152,791	30,874
Served Households	87,840	23,294	55,952	12,108
Served Land Area (km^2)	15,898	1,078	8,690	161

WMDN (CBS, Channel 24)

Meridian, Mississippi

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

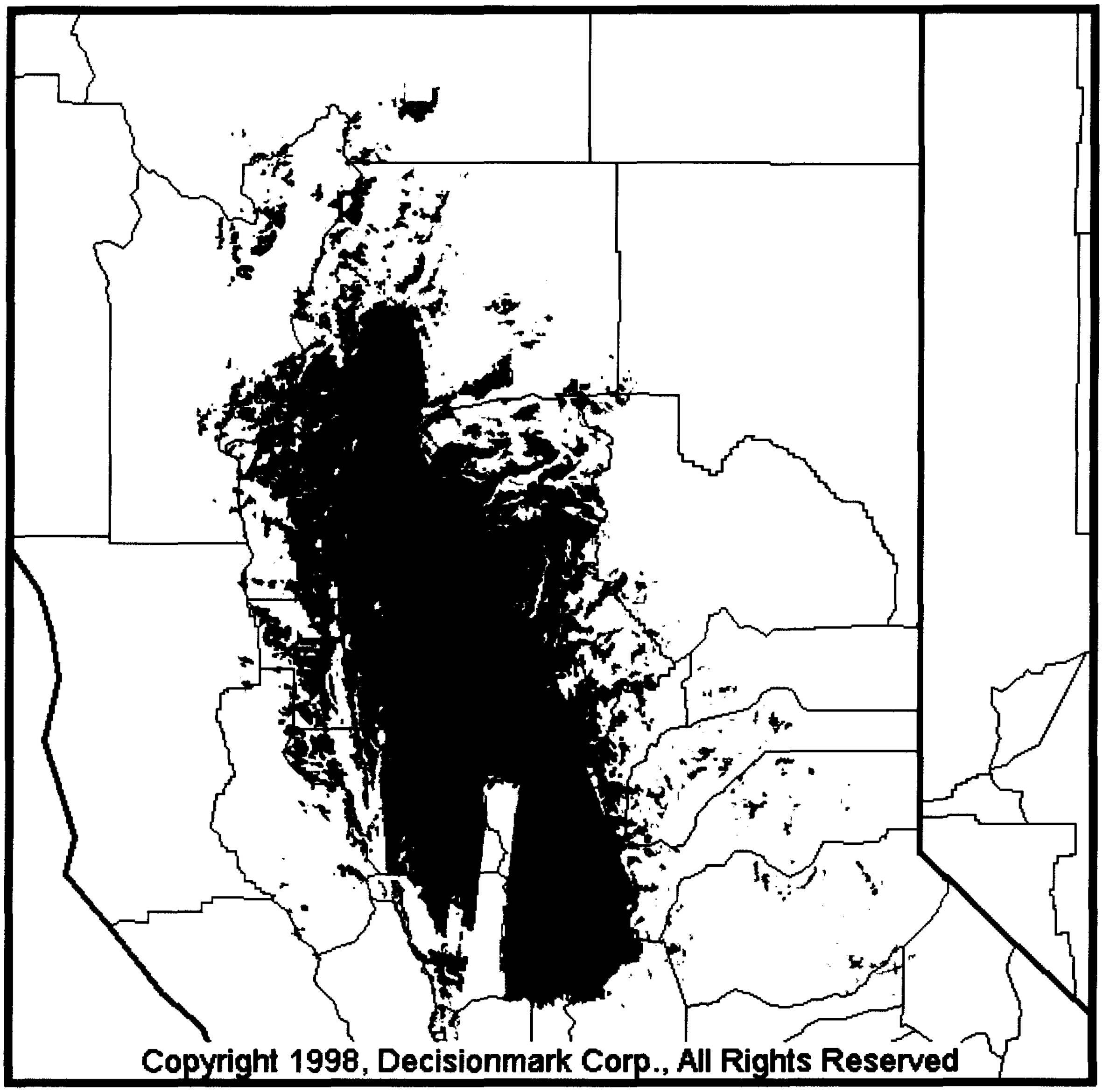
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	243,376	164,269
Served Households	87,840	59,980
Served Land Area (km^2)	15,898	9,964

KCVU (FOX, Channel 30)

Paradise, California

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence
- Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence
- ▲ Tower Location

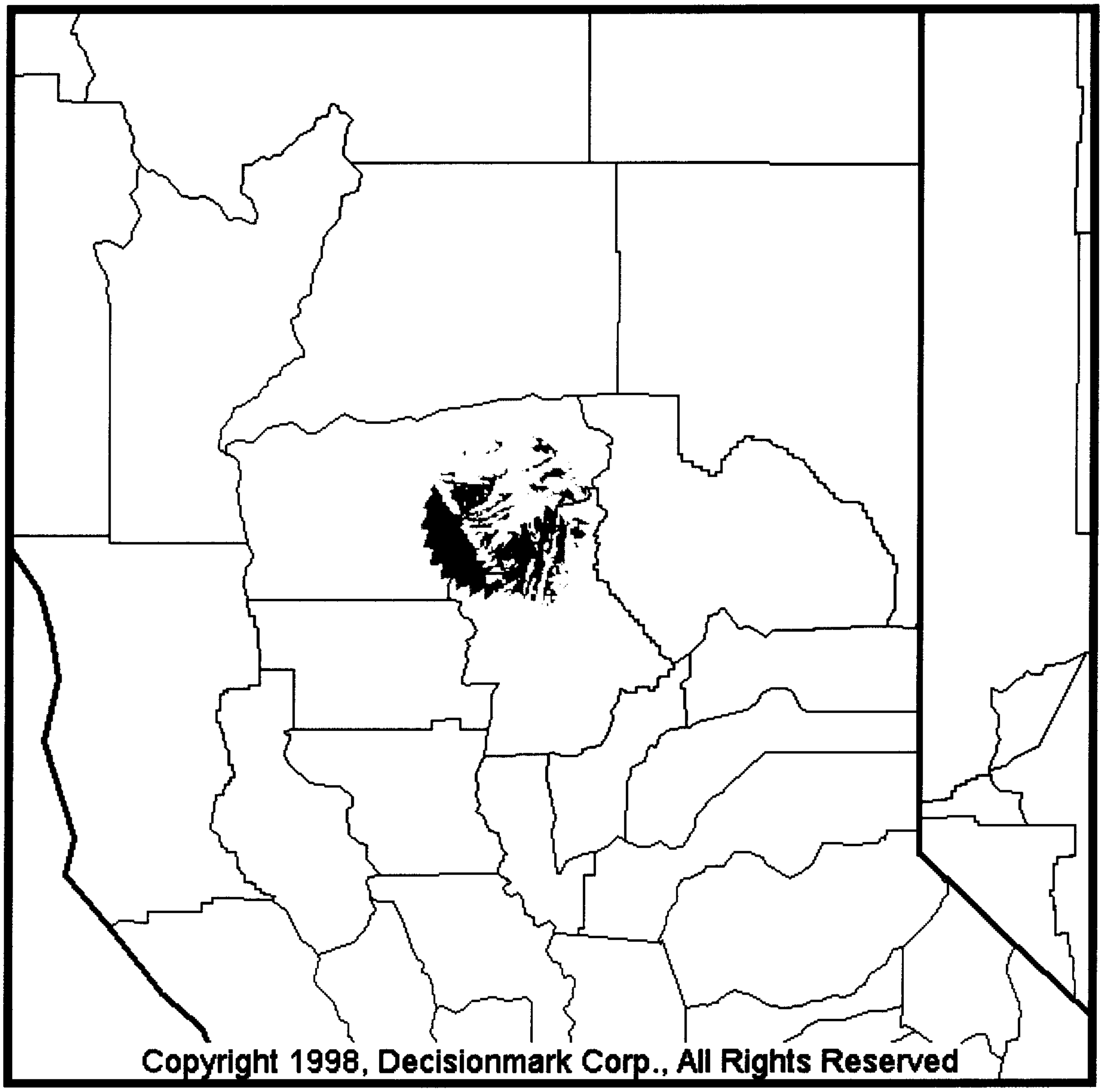
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	617,681	1,348,569	484,853	730,078
Served Households	233,572	519,052	183,212	269,152
Served Land Area (km^2)	22,792	17,560	16,077	15,276

KCVU (FOX, Channel 30)

Paradise, California

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

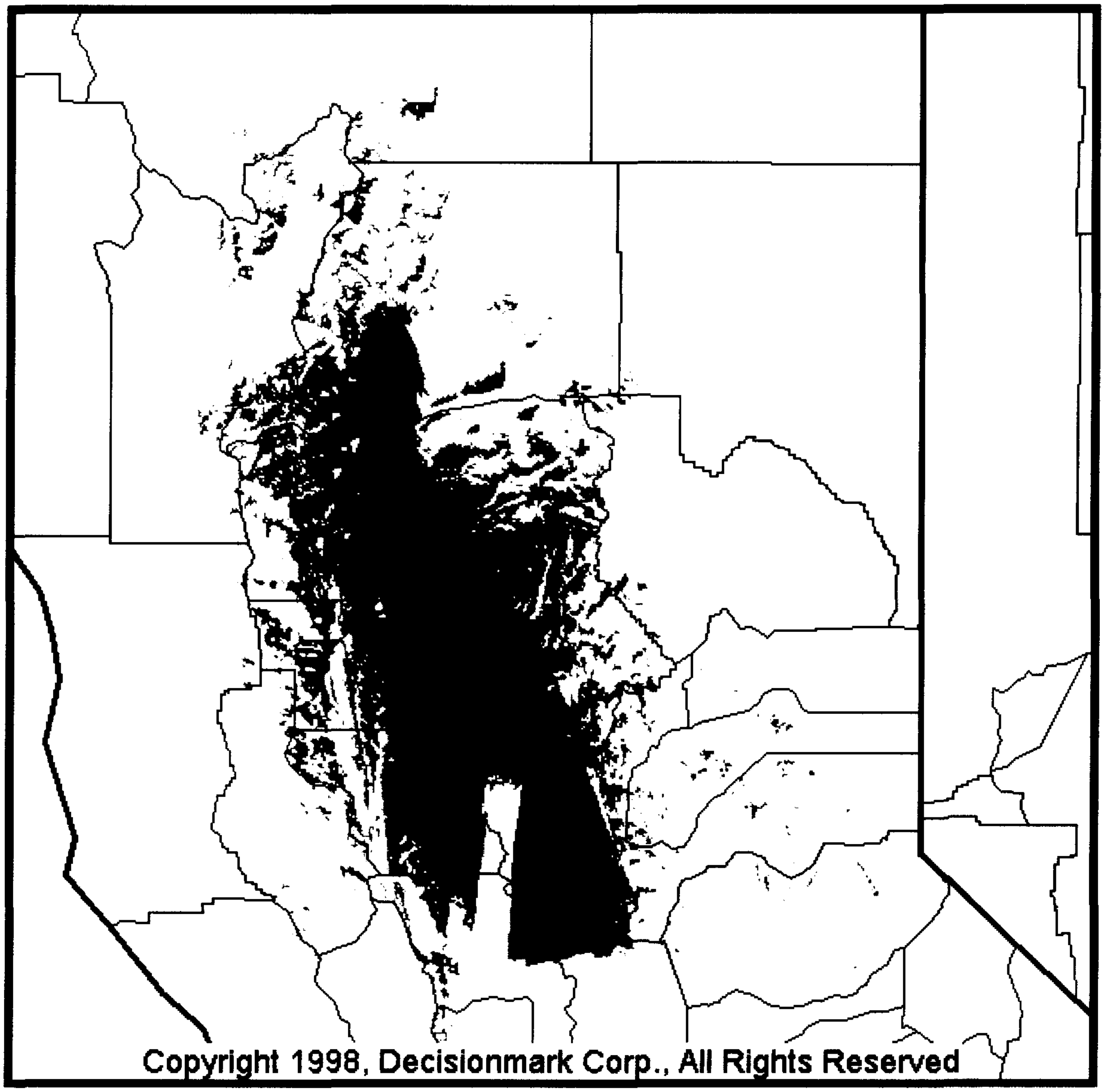
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	617,681	13,018	484,853	331
Served Households	233,572	5,015	183,212	128
Served Land Area (km^2)	22,792	515	16,077	56

KCVU (FOX, Channel 30)

Paradise, California

Predicted Signal Areas and Demographics



● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

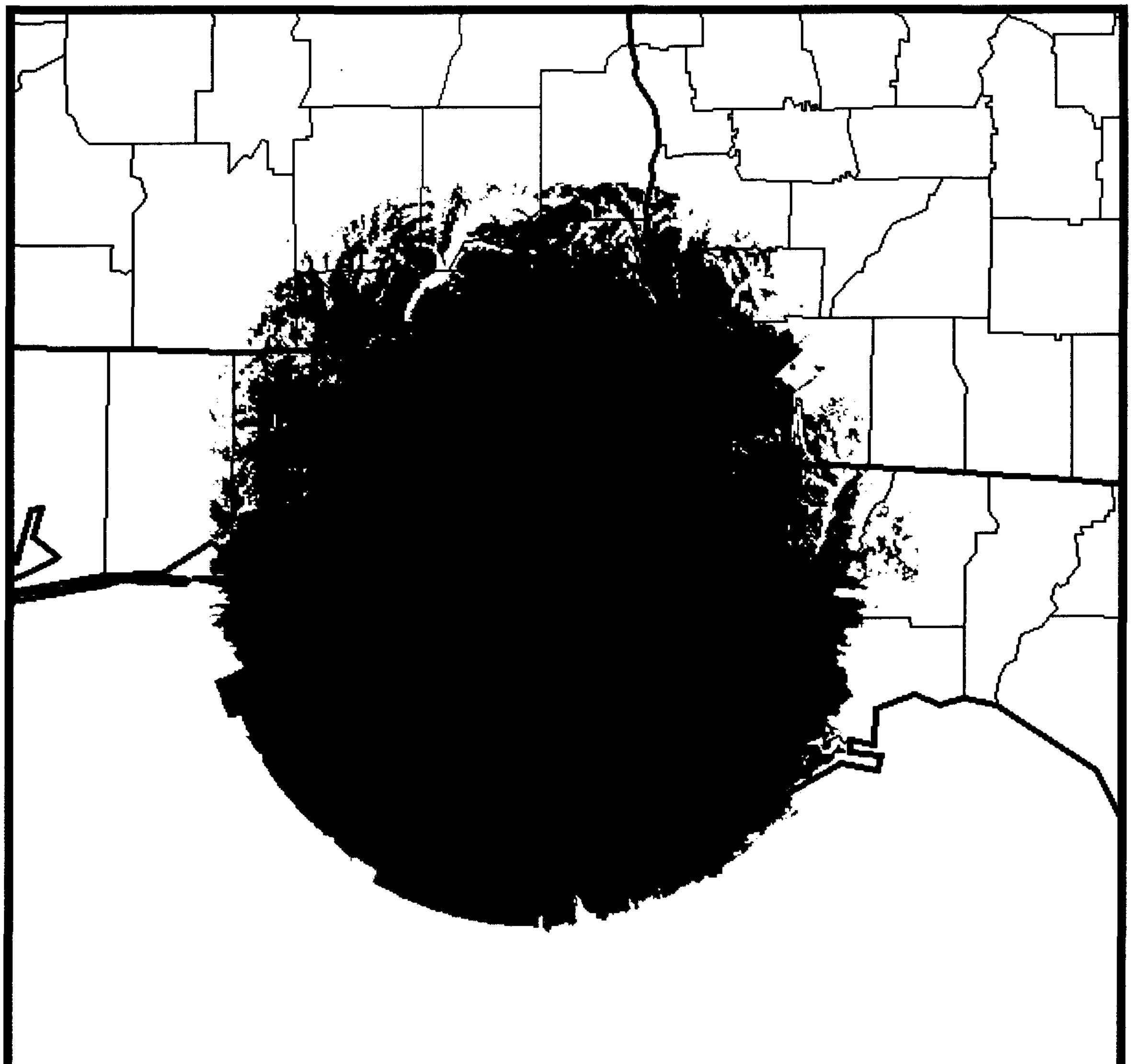
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	617,681	721,178
Served Households	233,572	266,198
Served Land Area (km²)	22,792	15,676

WJHG (NBC, Channel 7)

Panama City, Florida

Predicted Signal Areas and Demographics



- Grade A Longley-Rice 50% Location, 50% Time, 50% Confidence
- Grade B Longley-Rice 50% Location, 50% Time, 50% Confidence
- ▲ Tower Location

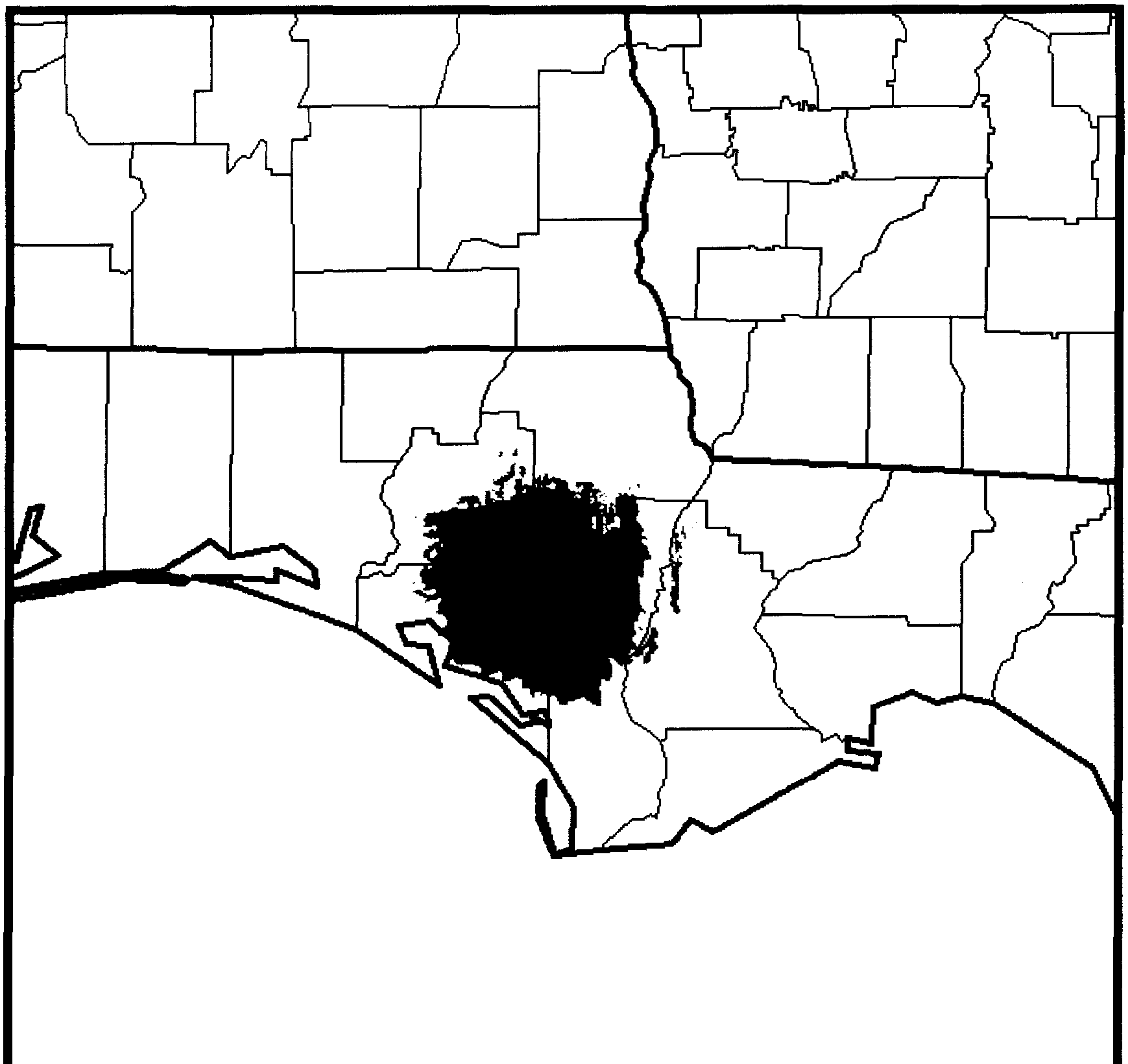
Summary Demographic Data (1990 Census)

	FCC B	L/R B (50/50/50)	FCC A	L/R A (50/50/50)
Served Population	398,980	508,750	217,786	280,709
Served Households	148,590	190,429	81,229	104,562
Served Land Area (km^2)	14,080	15,963	6,917	9,688

WJHG (NBC, Channel 7)

Panama City, Florida

Predicted Signal Areas and Demographics



- ● Grade A Longley-Rice 99% Location, 99% Time, 99% Confidence
- ● Grade B Longley-Rice 99% Location, 99% Time, 99% Confidence
- ▲ Tower Location

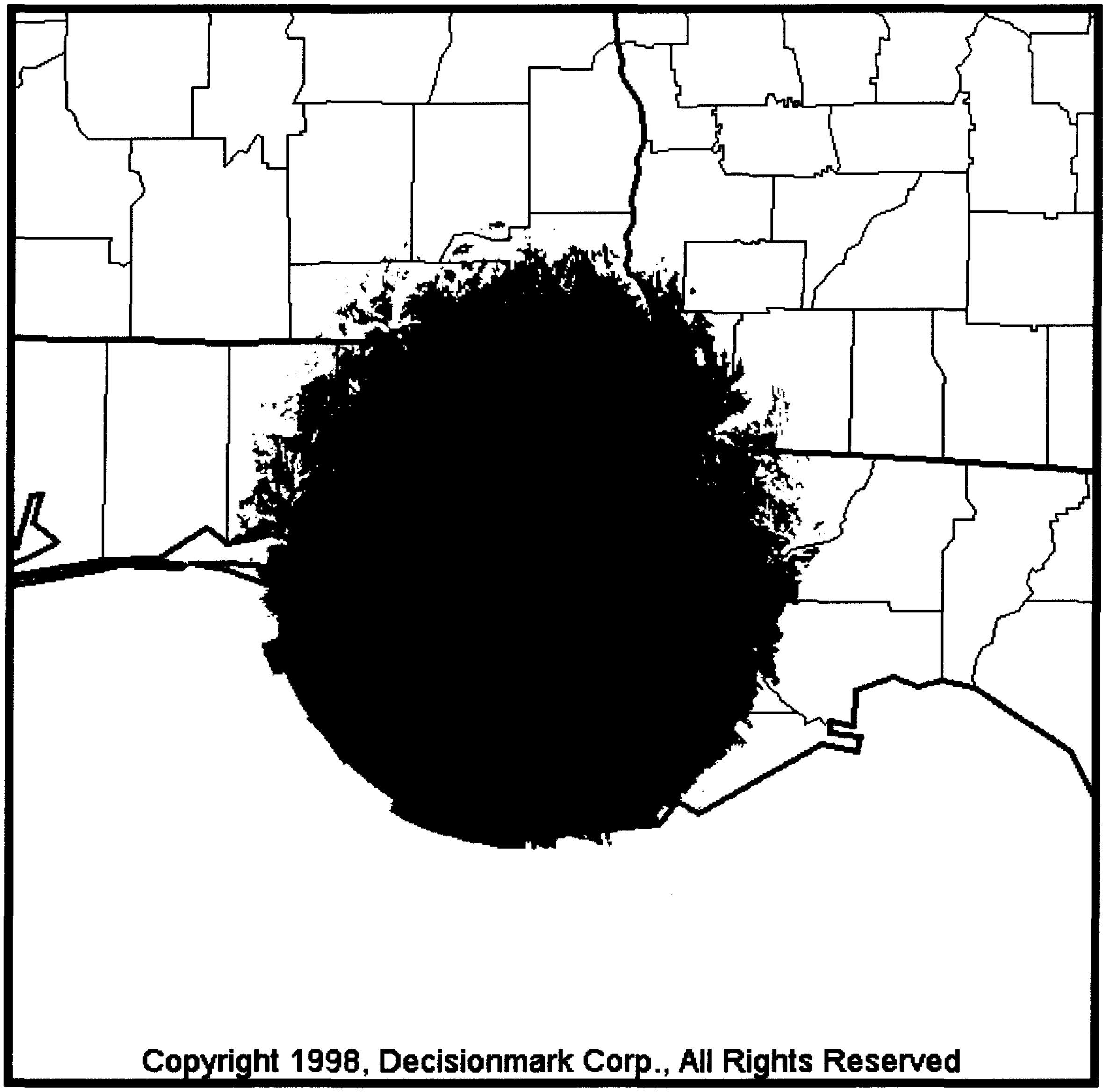
Summary Demographic Data (1990 Census)

	FCC B	L/R B (99/99/99)	FCC A	L/R A (99/99/99)
Served Population	398,980	73,596	217,786	3,417
Served Households	148,590	27,210	81,229	1,229
Served Land Area (km²)	14,080	2,114	6,917	421

WJHG (NBC, Channel 7)

Panama City, Florida

Predicted Signal Areas and Demographics

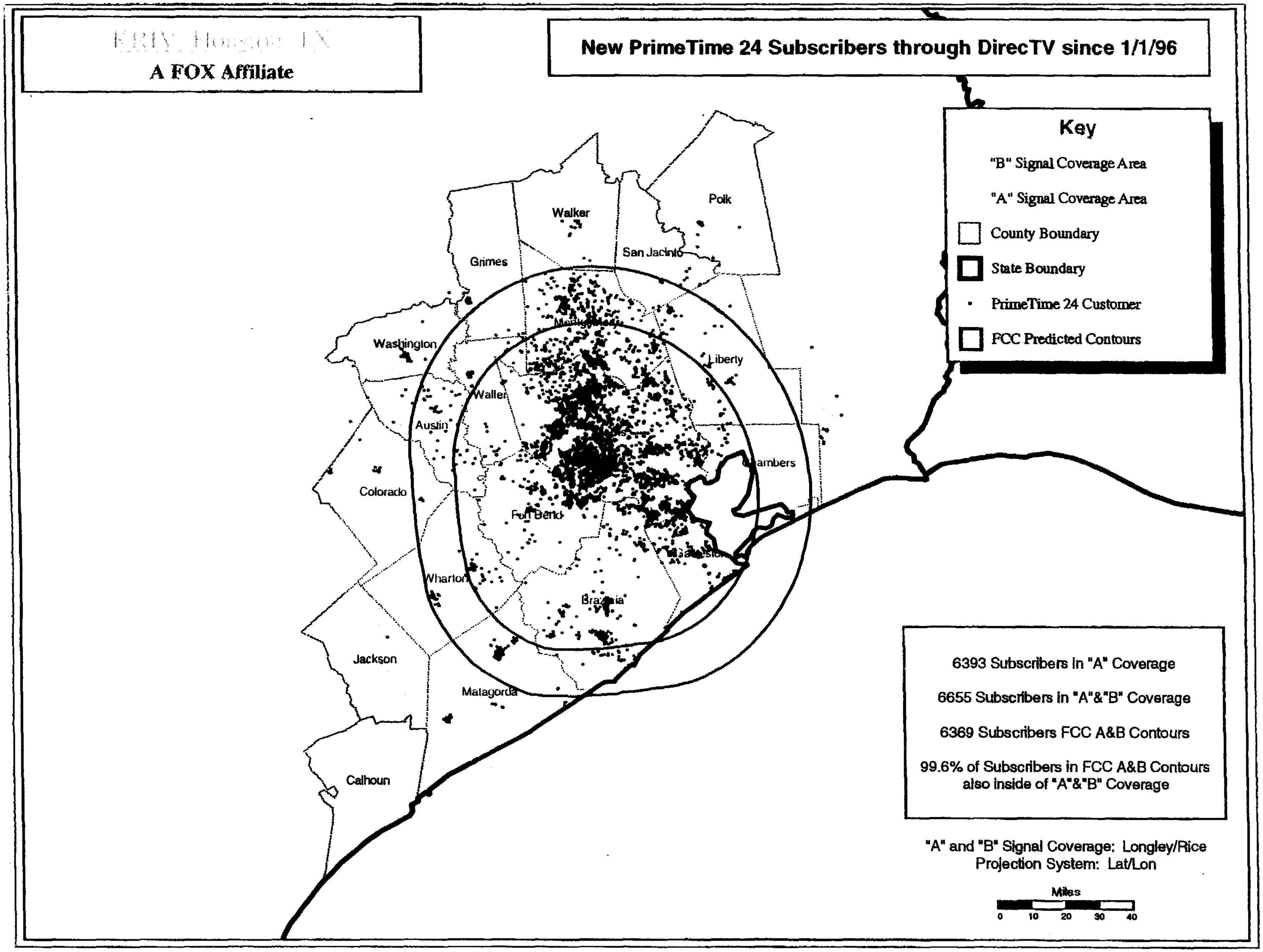


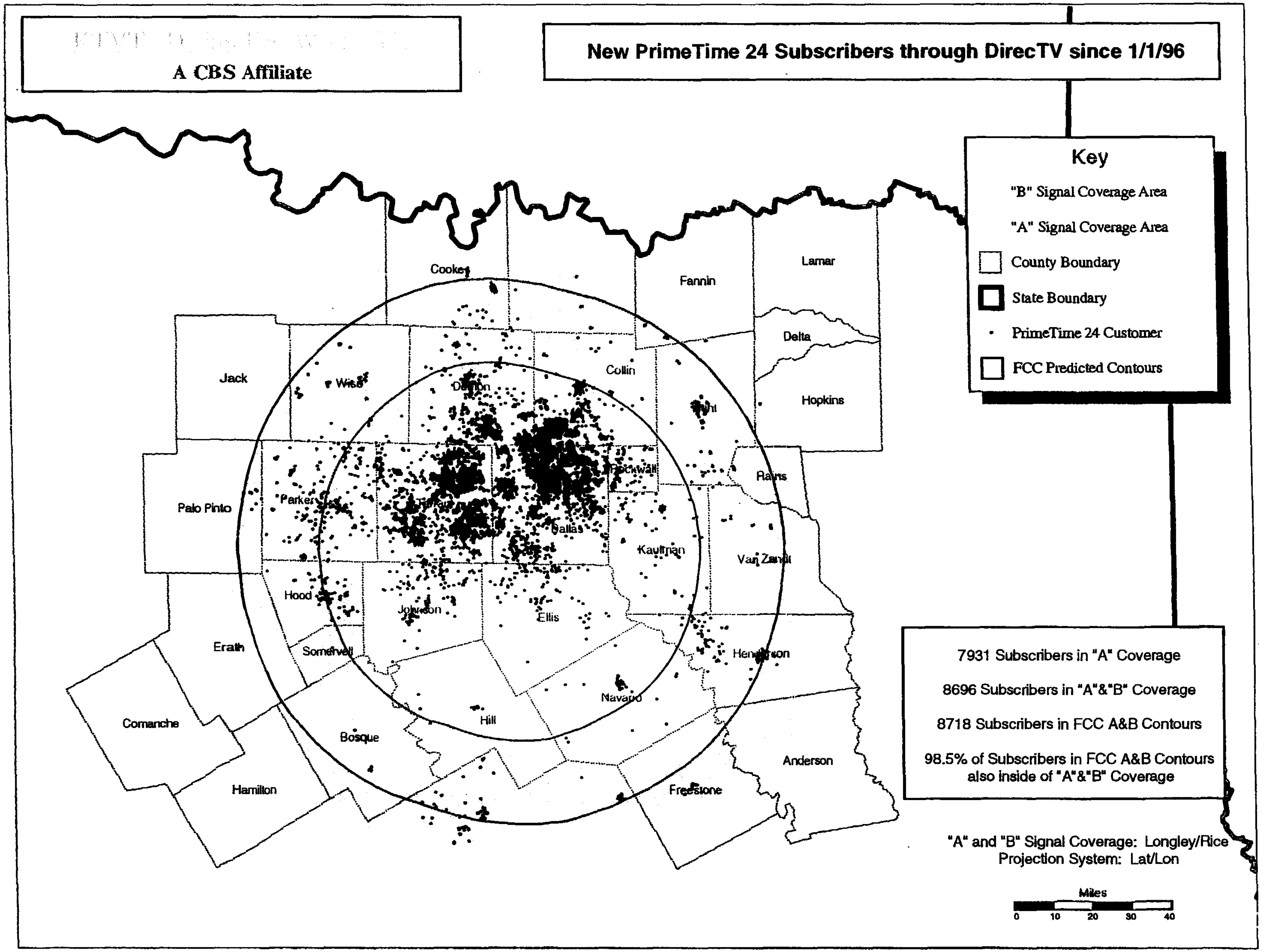
● Grade B Longley-Rice 70% Location, 90% Time, 50% Confidence
▲ Tower Location

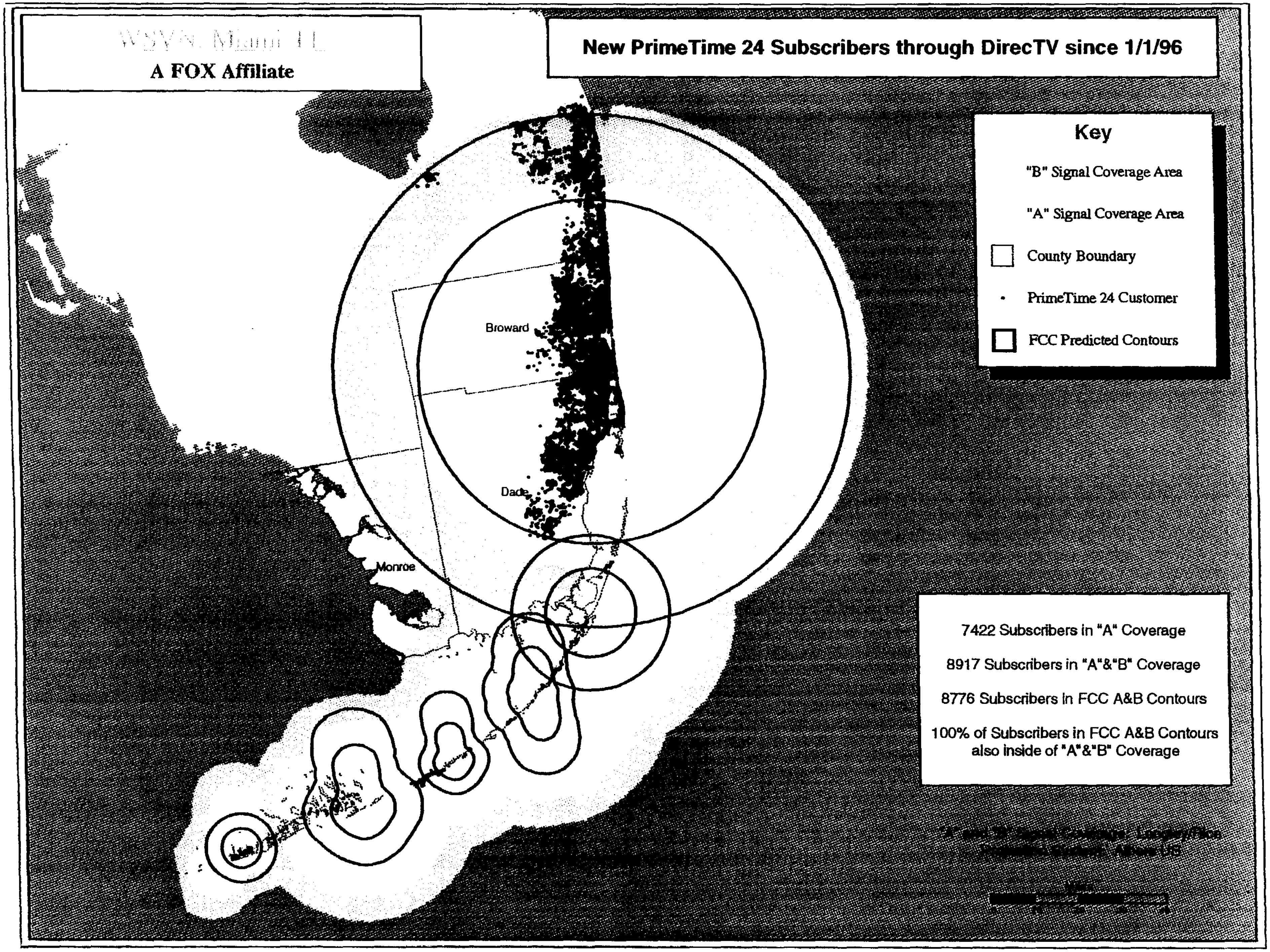
Summary Demographic Data (1990 Census)

	FCC B	L/R B (70/90/50)
Served Population	398,980	333,711
Served Households	148,590	124,659
Served Land Area (km^2)	14,080	11,697

Exhibit 2


KRIV, Houston, TX
A FOX Affiliate
New PrimeTime 24 Subscribers through DirecTV since 1/1/96
Key
"B" Signal Coverage Area
"A" Signal Coverage Area
County Boundary
State Boundary
PrimeTime 24 Customer
FCC Predicted Contours
Polk
Walker
San Jacinto
Grimes
Washington
Liberty
Waller
Austin
Chambers
Colorado
Fort Bend
Galveston
Wharton
Brazoria
Jackson
Matagorda
Calhoun
6393 Subscribers in "A" Coverage
6655 Subscribers in "A"&"B" Coverage
6369 Subscribers FCC A&B Contours
99.6% of Subscribers in FCC A&B Contours also inside of "A"&"B" Coverage
"A" and "B" Signal Coverage: Longley/Rice
Projection System: Lat/Lon
Miles
0 10 20 30 40


A CBS Affiliate
New PrimeTime 24 Subscribers through DirecTV since 1/1/96
Key
"B" Signal Coverage Area
"A" Signal Coverage Area
County Boundary
State Boundary
PrimeTime 24 Customer
FCC Predicted Contours
Cooke
Fannin
Lamar
Delta
Hopkins
Jack
Wise
Denton
Collin
Palo Pinto
Parker
Rockwall
Rains
Dallas
Kaufman
Van Zandt
Hood
Johnson
Ellis
Erath
Somervell
Henderson
Navarro
Hill
Comanche
Bosque
Anderson
Hamilton
Freestone
7931 Subscribers in "A" Coverage
8696 Subscribers in "A"&"B" Coverage
8718 Subscribers in FCC A&B Contours
98.5% of Subscribers in FCC A&B Contours also inside of "A"&"B" Coverage
"A" and "B" Signal Coverage: Longley/Rice
Projection System: Lat/Lon
Miles
0 10 20 30 40



WSVN Miami FL
A FOX Affiliate
New PrimeTime 24 Subscribers through DirecTV since 1/1/96
Key
"B" Signal Coverage Area
"A" Signal Coverage Area
County Boundary
PrimeTime 24 Customer
FCC Predicted Contours
Broward
Dade
Monroe
7422 Subscribers in "A" Coverage
8917 Subscribers in "A"&"B" Coverage
8776 Subscribers in FCC A&B Contours
100% of Subscribers in FCC A&B Contours also inside of "A"&"B" Coverage

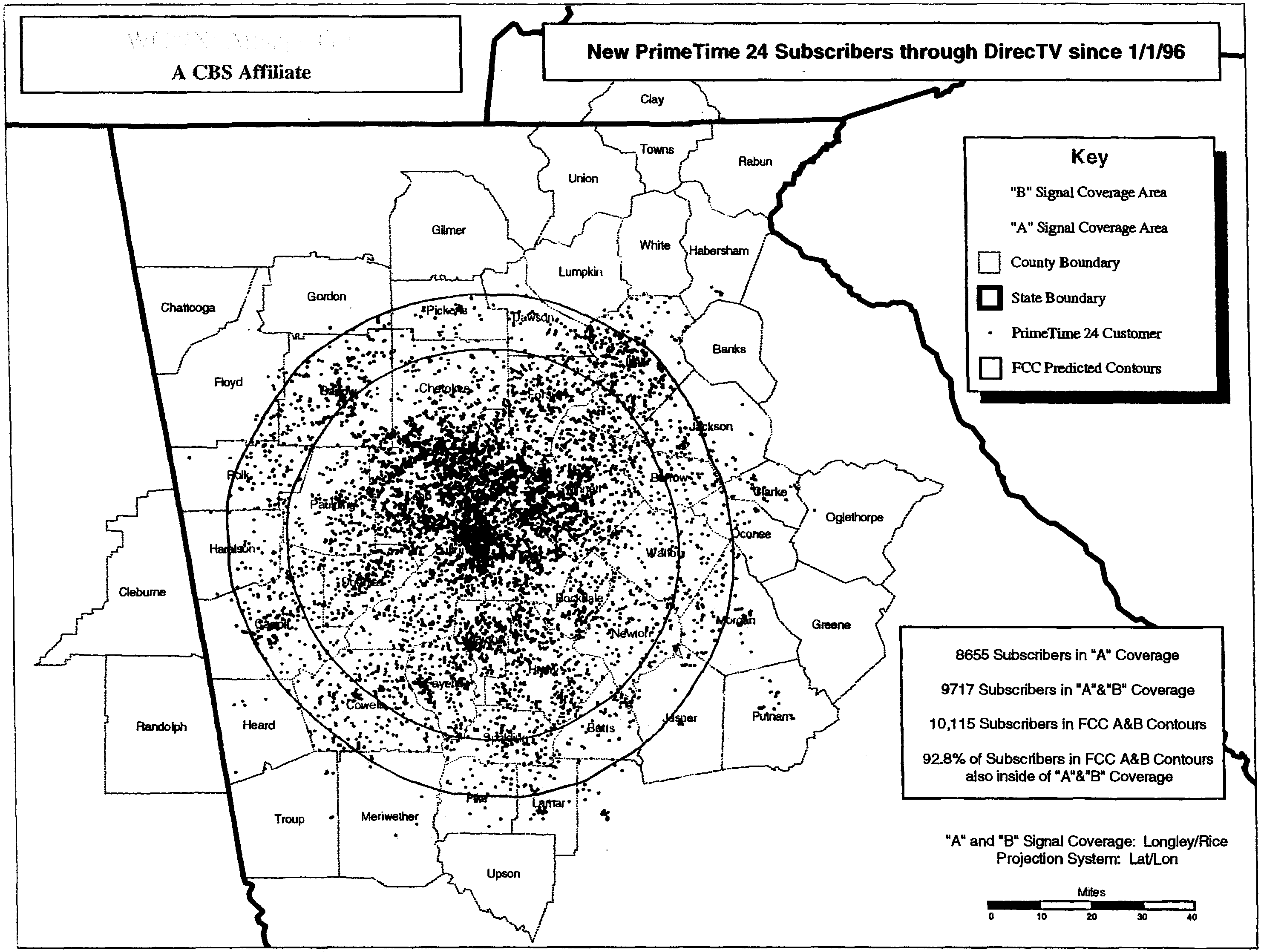

A CBS Affiliate
New PrimeTime 24 Subscribers through DirecTV since 1/1/96
Key
"B" Signal Coverage Area
"A" Signal Coverage Area
County Boundary
State Boundary
PrimeTime 24 Customer
FCC Predicted Contours
8655 Subscribers in "A" Coverage
9717 Subscribers in "A"&"B" Coverage
10,115 Subscribers in FCC A&B Contours
92.8% of Subscribers in FCC A&B Contours also inside of "A"&"B" Coverage
"A" and "B" Signal Coverage: Longley/Rice
Projection System: Lat/Lon
Miles
0 10 20 30 40
Clay
Towns
Rabun
Union
Gilmer
White
Habersham
Lumpkin
Chattooga
Gordon
Banks
Floyd
Jackson
Oglethorpe
Cleburne
Greene
Randolph
Heard
Putnam
Troup
Meriwether
Upson
Oconee
Morgan
Jasper
Lamar
Pike
Butts
Rockdale
Newton
Walton
Clarke
Harralson
Polk

Exhibit 3


DO YOUR CUSTOMERS KNOW THEY CAN GET THE NETWORKS ON THEIR DBS SYSTEM?
PRIME TIME 24
DO YOU?
PRIMETIME 24—THE CONNECTION TO THE NETWORKS
Don't miss out on a big DBS sale because you're unsure about the programming. Network television is a top programming concern with potential DBS dish customers and now you can tell them with confidence that it's available to them if they qualify. With PrimeTime 24's network affiliates, your DBS customers won't miss one minute of their favorite prime time programs, daytime soaps, evening news and seasonal sports on East and West Coast feeds.
They'll get great regional variety from 6 great network affiliates: KOMO - ABC Seattle, KPIX - CBS San Francisco, KNBC - NBC Los Angeles, WNBC - NBC New York, WJLA - ABC Washington, D.C. and WRAL - CBS Raleigh, plus FOX NET, the national FOX signal. And they'll enjoy the convenience of both Eastern and Pacific viewing times.
Close more sales—let your customers know about PrimeTime 24. We're America's Network Connection, Coast to Coast.
FOX
For more information call
DIRECTV® at 1.800.323.1994,
DISH Network at 1.800.521.9282 or
AlphaStar at 1.888.YOURSTAR
PRIME TIME 24
Visit PrimeTime 24's website at http://www.primetime24.com

ALL THE FOOTBALL YOU NEED IS ON PRIMETIME 24.

If you love football, you'll get a big kick out of PrimeTime 24's fall schedule. We have enough games and excitement to satisfy even the die-hard fan. Including:

- Over 100 games on PT East, PT West and FOX!
- The only place you can get all 10 playoff games.
- The only place you get SuperBowl XXX!
- Monday night football.
- Thanksgiving Day Games.
- Late-Season Saturday double headers.

Plus your favorite network programming from 7 major cities: movies, drama, comedy and news...with a choice of Eastern *and* Pacific viewing times so you never miss a show. All in a single, complete network package.

PrimeTime 24-Your network *and football* connection. Call one of our packagers or order directly from us:

1-800-883-PT24

See all the action on S4, G4.

PRIME TIME 24

America's Network Connection. Coast to Coast.

ABC, CBS, NBC, and FOX Channels are available only for homes (1) which cannot receive an acceptable picture from local ABC, CBS, NBC and FOX affiliates via a conventional rooftop antenna, and (2) which have not subscribed to cable television within the last 90 days.

Exhibit 4

Exhibit 5

DIRECTV

YES YOU CAN!

Enjoy Local Channels and DIRECTV® Too!

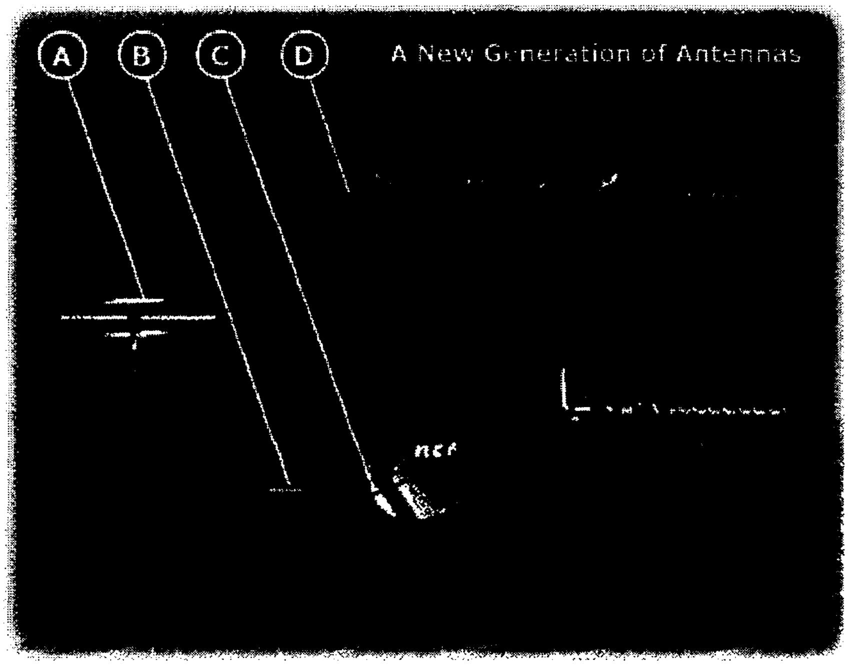
TV ANTENNAS FIND NEW ROLE IN HIGH-TECH WORLD

What do martinis, cigars and TV antennas have in common? They're all throwbacks to the '50's that are cropping up again in the American landscape. The latest among these are TV antennas, which are emerging as the receiver of choice for local TV channels among the millions who are upgrading their home entertainment systems with Digital Satellite Systems and pizza-sized satellite dishes, which receive programming from carriers such as DIRECTV.

Federal law places restrictions on the ability of national direct broadcast satellite companies such as DIRECTV to deliver broadcast network programming. As a result, off-air-antenna manufacturers such as Winegard Company have seen sales skyrocket.

According to Winegard's Hans Rabong, "Off-air antenna sales have increased significantly because consumers are realizing that the combination of a DSS system and an off-air antenna is unbeatable. You get more programming networks than most cable systems with great digital picture and sound from the mini-satellite dish service, as well as free local programming from the TV antenna."

Faced with a choice of **using cable** for local channel access or a simple TV antenna, many consumers are choosing to rid themselves of cable and its continually rising costs.



A new generation of off-air antennas can seamlessly deliver high-quality signals from free local TV broadcasters directly to the your DSS system with just a push of your remote.

For those in the market for a DSS system, industry leader DIRECTV recommends an off-air antenna to pull local broadcasts for free. In addition to the traditional rooftop antennas, the satellite industry has sparked the birth of a new generation of antennas tailored to individual needs. Some types include:

A. Omni/semidirectional, UHF/VHF antenna
This antenna is ideal for consumers who live between two or more television transmitting stations because of its ability to pick up signals from different directions. Its compact size allows the antenna to be conveniently disguised behind a satellite dish.

B. Omnidirectional, UHF/VHF antenna
This saucer-shaped antenna, the latest breed of new generation off-air antennas, mounts easily on the roof and picks up most television signals in a 360-degree radius. The antenna's compact size allows it to be hidden almost out of sight.

C. Imbedded off-air antenna
With this third generation DSS system, RCA has developed an off-air antenna that is imbedded directly into the 18-inch satellite dish and is virtually invisible to the eye. Although this may seem like the ideal solution, consumers should be aware that other factors might affect antenna performance such as broadcast signal proximity and position of the satellite dish to broadcast signal location.

D. Directional UHF/VHF antenna (traditional rooftop antenna)

A UHF/VHF antenna will provide the best performance of all antenna types. Although it is relatively larger than most of the new generation off-air antennas, it will work well at much greater distances from the television station.

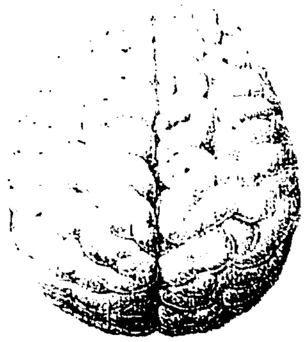
CHOOSING AN ANTENNA THAT IS RIGHT FOR YOU

No single off-air antenna is the best solution for every customer. For optimal signal strength, when installing the antenna, consumers should consider the direction/location of the signal from the antenna, distance of the antenna from the signal location, obstructions such as mountains and tall buildings, and the building material of the home.

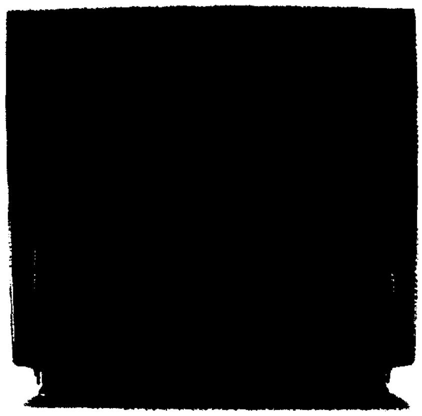
Additional accessories are also available to strengthen television reception such as external amplifiers, ghost cancelers, or simply replacing the old cable that connects the antenna to your television.

Every DSS system allows consumers a seamless way to see their local TV channels as well as switch to national programming from DIRECTV with the touch of a button on their DSS remote control. For more information regarding any of the antennas or accessories mentioned, inquire at a local electronics retailer such as Radio Shack. For information on DIRECTV programming services call 1-800-DIRECTV.

Exhibit 6



YOU ONLY USE 11% OF ITS POTENTIAL.



DITTO.

Now there's a way to get the most of both.

Anything good on?

It may be the most commonly asked question in America each evening. So what if we told you there's a way to unlock the full potential of your television – a way to enjoy all the favorite channels you've had with cable, along with an unprecedented selection of movies, sports and a lot more. All brought to you with the clarity of digital picture and sound. And easy access to your local channels.

This is U.S. Satellite Broadcasting[SM] (USSB®) and DIRECTV,® available exclusively on the 18" DSS® dish. Together, they will redefine how you experience television.

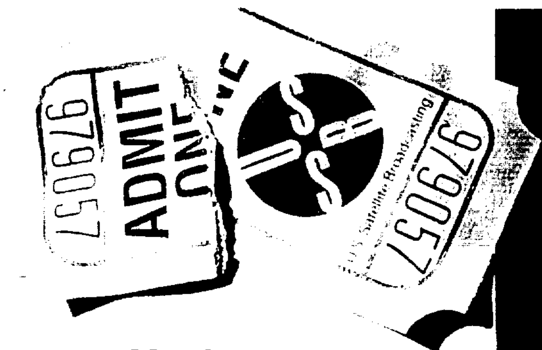
U.S. Satellite Broadcasting

With USSB, you'll have your choice of more than 900 different movies per month.

choices a night. And you can order pay-per-view with your remote control.

How do I find my way around more than 200 channels?

Quickly and easily, with the interactive, on-screen programming guide. With the touch of a button on your DSS remote, you can find out what's on by title, time, and programming genre. You can also find out what's playing a few days in advance, as well as create your own personalized channel lists. There's even a "locks and limits" feature that allows you to control what your children watch and what they spend on pay-per-view.



U.S. Satellite Broadc
Together – only on the 18
home the best selection
and information in th

You've never seen movies like this.[SM]

What is U.S. Satellite Broadcasting? The most incredible movie experience on television.

USSB is where you'll find all of the most popular, commercial-free, movie channels, with 5 different channels of HBO,® 4 Showtime® channels, 3 Cinemax® channels, 2 of The Movie Channel,™ 2 channels of HBO® Family, FLIX,™ and the Sundance Channel,™ premiering the best in independent film under the creative direction of Robert Redford.

Why more than one channel of HBO and Showtime? Multiple channels bring you more movie choices and viewing times to choose from than ever before. And what makes USSB so different is that you get them all in one place.

Sports, news and information.

What U.S. Satellite Broadcasting is to movies, DIRECTV is to sports. DIRECTV offers you regular Season Ticket packages that let you see thousands of pro and college games from all over the country. And you'll have all the Regional Sports Networks to choose from.

You'll also see the widest selection of news, information, and as many as 55 different pay-per-view movie

DIRECTV

These are only a few of the services that you'll find on DIRECTV.

TV has never looked or sounded so good.

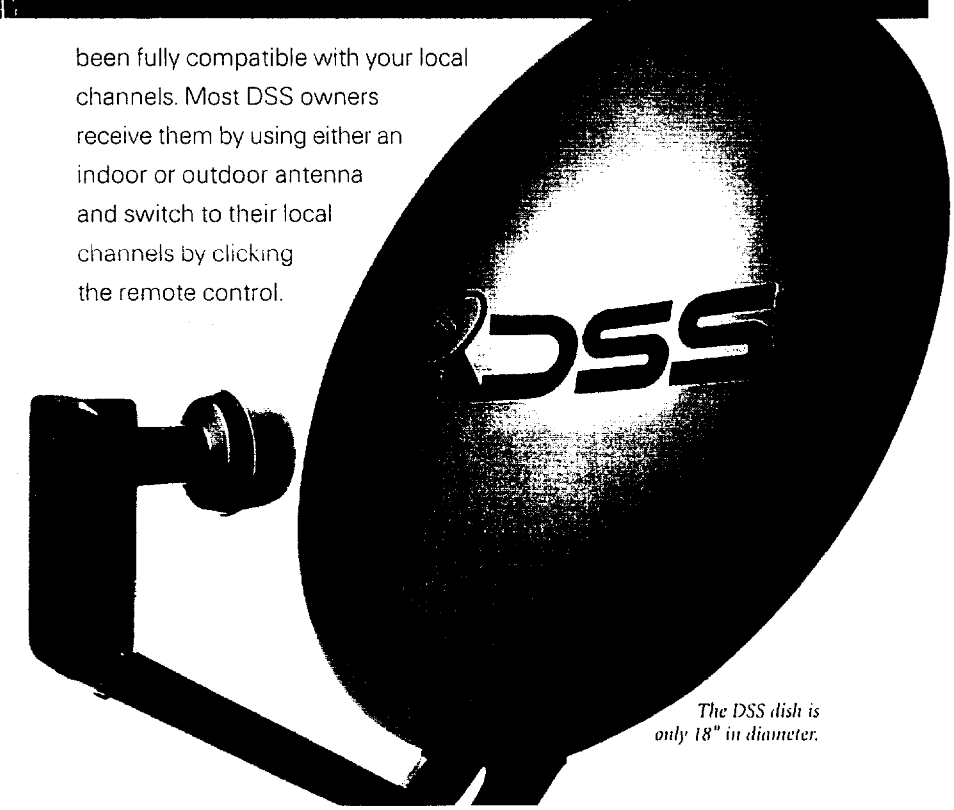
What makes the DSS system unique? Digital technology. It's the difference between listening to a CD versus an old record. The picture and sound quality are unlike anything you've experienced. And on top of that, digital technology is the wave of the future.

Easy access to local channels.

Contrary to what your local cable company may tell you, the DSS system has always

asting and DIRECTV.
DSS system – they bring
of movies, sports, news
e history of television.

been fully compatible with your local channels. Most DSS owners receive them by using either an indoor or outdoor antenna and switch to their local channels by clicking the remote control.



The DSS dish is only 18" in diameter.

What now?

Hopefully, reading this brochure has increased your brain capacity. So what now? Look at the back of this brochure and find answers to the most commonly asked questions about the DSS system. Use them to help you when talking with a salesperson at your local electronics or satellite retailer. You'll even find a retailer near you.

Then go and experience the DSS difference for yourself. And remember to ask about your Free Month of USSB – a 30-day free trial of all USSB channels.

The ABCs of the DSS dish.

The DSS system is a fundamental improvement in the choice and quality that television provides.

By subscribing to both USSB and DIRECTV, you'll have over 200 channels to choose from.

The best commercial-free, multichannel movie channels available, like HBO, Showtime, Cinemax, The Movie Channel, FLIX, HBO Family, and Sundance Channel.

As many as 55 different pay-per-view movie choices a night.

An unprecedented selection of pro and college sports packages from the NFL, NBA, NHL,® Major League Baseball, Major League Soccer, ESPN, and Regional Sports Networks. And the world's best boxing on Showtime and HBO.

The most popular basic networks.

31 commercial-free CD audio music channels.

The DSS system is already the leading mini-dish system. And it's the only mini-dish system manufactured by proven and trusted companies like RCA, Sony,® Panasonic,® Magnavox, Toshiba, Hitachi, Uniden,® Memorex,™ GE, ProScan® and Hughes Network Systems.

Tap the full potential of your TV.

What to look for when buying a satellite dish.

SO NOW YOU KNOW

about a new kind of technology and a selection of programming that's unprecedented in television history. The next step is to experience it for yourself. Here are the answers to the most commonly asked questions that might help when you visit your local electronics or satellite retailer.

Q. If I already have cable, why should I buy the DSS system?

A. You'll get everything you've had before, plus a lot more. All in digital picture and sound. And, quite frankly, the DSS system is a better value.

Q. I still want to watch my local channels. Is that a problem if I have the DSS system?

A. No problem. With the touch of a button on your remote, you can switch over from the DSS system to your local stations. Ask your retailer to suggest the best indoor or outdoor antenna to receive your local channels. Recent technology has made antenna quality better than ever. And remember, with an antenna, you get your local channels for free.

Q. Once I have the DSS system, will I be able to pick and choose the channels I want?

A. Yes. The DSS system is the only subscription television service anywhere with two different programming companies to choose from. USSB and DIRECTV offer an unprecedented array of packages at various prices. So you can be sure you'll find the combination of channels that best match your interests and budget.

Q. Can I watch USSB and DIRECTV on more than one TV set?

A. Yes. You can run an additional line from the receiver to your other TVs. To watch different satellite channels on different TVs, simply add an additional DSS receiver as you would with a second VCR. And you can do so when you buy the dish or at a later date.

Still have questions?

Visit our websites at www.ussb.com or www.directv.com Or talk to a friend. You're bound to know someone who already owns a DSS system.

Then, visit your local electronics or satellite retailer. There are over 28,000 locations throughout the country to choose from. You can even buy DSS from AT&T.

And remember to ask about your Free Month of USSB.

EXPERIENCE DSS FOR YOURSELF AT YOUR LOCAL RETAILER:

CIRCUIT CITY
SEARS
BEST BUY
RADIO SHACK
MONTGOMERY WARD

Exhibit 7

Wall Street Journal
Dec. 1, 1998

INDUSTRY FOCUS

Antennae Attract Viewers to Satellite TV

By Leslie Cauley
And Frederic M. Biddle
Staff Reporters of The Wall Street Journal

Satellite-TV companies may have finally solved their local problem.

Potential customers for direct broadcast satellite TV, or DBS, were stopped cold for years by a big drawback: Satellite service offered hundreds of channels, but not local ones. To get local stations, satellite customers either had to install old-fashioned "rabbit ears" on their TVs or keep up their cable subscriptions.

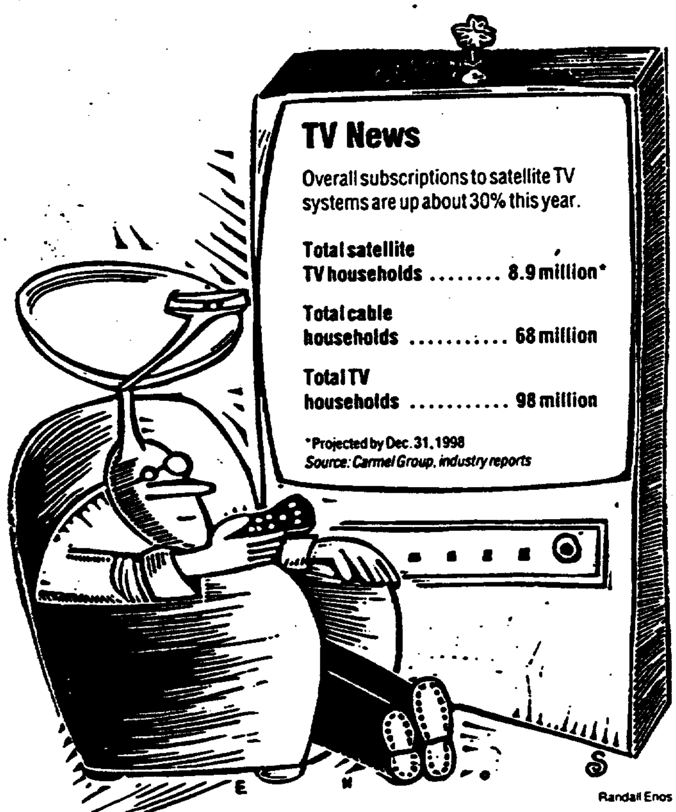
But thanks to improvements in technology, and some help from big regional telephone companies, DBS operators are now in a position to offer local TV broadcasts. And now, the satellite-TV industry thinks it can finally become a more serious rival to cable.

DBS companies effectively have been shut out of the local-TV business by Congress. To keep satellite technology from steamrolling broadcast and cable companies, lawmakers decided that DBS companies in most places could transmit local TV signals—but only if they transmitted every one in the country. Given the thousands of local TV stations in the U.S., the decision made offering local broadcasts by satellite a practical and technical impossibility.

Now, DBS services, working with telephone companies, are simply adding a separate advanced antenna to their satellite package. They give customers the local channels they want—but not by satellite.

Earlier this year, two big DBS operators—Hughes Electronics Corp.'s DirecTV unit, based in El Segundo, Calif., and U.S. Satellite Broadcasting Co., St. Paul, Minn.—signed co-marketing deals with big regional phone companies, including Bell Atlantic Corp. and GTE Corp. The phone companies have started selling satellite TV as part of a package of phone, video and high-speed data services.

Armies of door-to-door sales representatives are singing DBS's praises and offering turnkey satellite services, including powerful new antennae capable of tapping local TV channels with the mere zap of a remote control. "All you do is sit in your easy chair, hit the button, and you're off to the races," says Richard Belville, president of Bell Atlantic's video unit.



Randall Enos

The cable industry is fighting back with new technology of its own. "Any cable system with an upgraded technical platform can be fully competitive with any DBS company," asserts Julian A. Brodsky, vice chairman of Comcast Corp., which is based in Philadelphia. Comcast has been aggressively upgrading its old cable plant to handle an array of digital services, including phone, high-speed data and interactive video.

Gail Neumann, a retired bookkeeper in Hillsborough, N.J., dumped her longtime cable-TV company about a month ago after signing up with DirecTV through Bell Atlantic. She has ordered the works for around $55 a month—about what she used to pay for her old cable service—and says she hasn't looked back. "There are like a million things on," she says. "About the biggest decision I have is what to watch."

Mrs. Neumann says all the new channels give her more value for her money. Plus, she says, her TV reception, which had been hit-or-miss with cable, has improved substantially with satellite. "I'm crazy about it," she says.

Greg Lewis, a Falls Church, Va., auto-
Please Turn to Page B4, Column 3

INDUSTRY FOCUS

Satellite Television Is Using Antennae to Fight Cable

Continued From Page B1

motive mechanic, is another convert. He signed up for DirecTV service about a month ago, after getting a good look at it while visiting his brother, who is a Bell Atlantic employee.

Mr. Lewis says local TV channels come in "just as good if not better" as they did before, and reception on other channels is a lot sharper. He is also paying about $15 a month less than he did for cable. "That's the icing on the cake," he says.

The local antennae are entirely legal. Deborah Lathen, head of the Federal Communications Commission's cable bureau, says the new DBS offerings benefit the consumer and promote competition.

The satellite-TV industry is pushing the new local services thanks to improved antenna technology. Most of the stainless-steel antennae used by Bell Atlantic—shaped like arrows about half the length of a yardstick—are mounted on roofs or the sides of chimneys. Sometimes Bell Atlantic can install them in attics.

Bell Atlantic's basic satellite package, priced at around $35 a month, includes 85 TV channels, 31 music channels, 55 pay-per-view movie choices (movies cost an additional $2.99 each) and an interactive on-screen movie guide. Bell charges $199 to install one DBS system for one TV, including an over-the-air antenna and a dish.

Buoyed by early results, Bell Atlantic plans to introduce the service throughout its territory, which extends from Maine to Virginia and includes such cable strongholds as New York City, served by cable giant Time Warner Inc. DirecTV and Bell Atlantic are discussing offering services such as interactive TV, telephone and high-speed data by satellite in the future. "We think this is a product that definitely has a market," says Bell Atlantic's Mr. Belville.

Other DBS players also are starting aggressive marketing, offering deep discounts on equipment and installation and operating 24-hour customer hot lines. EchoStar Communications Inc., Denver, recently began offering free gear and installation to customers who sign up for one year of its most expensive service, which costs $50 a month.

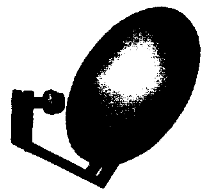
So far, the push seems to be paying off. The four main DBS players—which also include PrimeStar Inc. of Denver—are expected to see their combined subscriber base jump this year by more than 30% to almost nine million households, with similar gains expected next year. (Figures don't include customers of old-fashioned big-dish satellite service, which is being phased out.) The growth spurt could push the three-year-old DBS business well past the 10-million-subscriber mark by 2000.

"The numbers speak for themselves," says Jimmy Schaeffler, chairman of the Carmel Group, an industry consultant. DBS, he says, "is the fastest-growing consumer-electronics product in history." He says research indicates that many consumers who try satellite TV subsequently drop their cable hookups.

DBS operators think their advantage will only increase with the arrival of high-definition TV, which also is digital. DirecTV and U.S. Satellite Broadcasting have struck a deal to transmit Home Box Office in the new HDTV format starting next year. Local cable companies, by contrast, are adopting HDTV more slowly, with just a handful of cable-TV stations expected to be digital-ready by year end.

Most cable companies are betting it will take a few more years for the HDTV market to develop. Current high-definition televisions cost thousands of dollars, putting them beyond the reach of most price-sensitive consumers. Price is one reason programmers haven't been in a rush to put shows in that format. Still, most cable companies are pushing to offer upgraded digital services, which will eventually put them in a position to offer their own expanded packages of channels.

Exhibit 8



We're Mapping The Road To Success For Television Broadcasters.

While others battle on Capitol Hill over retransmission rights, U.S. Satellite Broadcasting®, together with our partners, has focused our efforts from the start on providing consumers with the best solution for receiving local channels when they buy an 18-inch digital satellite system. With that goal in mind, we're proud to be part of a powerhouse coalition with the Consumer Electronics Manufacturers Association (CEMA), the Satellite Broadcasting and Communications Association (SBCA) and Antenna Manufacturers to encourage consumers to use off-air antennas to receive their local channels.

This year, the CEMA Antenna Subdivision will develop signal-strength maps of all 211 TV markets nationwide. We'll provide these maps and training to retailers so they can recommend the best type of antenna to a customer depending on their location. Not only will this allow consumers to receive their local channels for free, they'll also get them with full resolution and enjoy the clarity of digital picture and sound. And they'll get it all with the touch of a button on their remote.

U.S. Satellite Broadcasting supports the television broadcast industry by helping to provide consumers with the best local channel reception solution.

U.S. Satellite Broadcasting

You've Never Seen Movies Like This.℠

www.ussb.com

Exhibit 9

SATELLITE BUSINESS NEWS

December 2, 1998

On the local signal front, DirecTv is discounting antennas for subscribers in Raleigh-Durham, N.C., who want to watch local ABC affiliate WTVD. Under a recent court ruling against PrimeTime 24, which distributes network superstations to DirecTv, the DBS service must turn off WTVD for some of its subscribers by the end of the year.

DirecTv is notifying subscribers of the court-ordered shutoff by letter, offering them a $49.95 off-air antenna professionally installed at no charge by local retailer Digivision. If the customer is not satisfied with the quality of the signal via the antenna, Digivision will take the antenna back and DirecTv will refund the customer's money, Torkelson said.

The offer ends Dec. 31, and DirecTv plans to evaluate the program after that date to possibly offer it across the country to CBS and Fox customers, many of whom will lose those services Feb. 28 due to a separate PrimeTime 24 case.

Exhibit 10

Satellite Soars Past 10M Mark

By MONICA HOGAN

The U.S. direct-to-home satellite market passed the 10 million-subscriber milestone at the end of October, the industry said.

The news was accompanied by reports of strong net-subscriber gains by DirecTv Inc., EchoStar Communications Corp. and even PrimeStar Inc. — a small-dish-industry gain of nearly 250,000 subscribers for the month.

Other industry players reported milestones of their own last week. Most notably, U.S. Satellite Broadcasting, which shares a hardware platform with DirecTv, boasted last Thursday that it had signed its 2 millionth premium-movie-service subscriber.

A day earlier, EchoStar's share price reached a 52-week high of $34, after the company reported better-than-expected third-quarter financial results.

The swamp of positive news may have helped to convince investors that the direct-broadcast satellite industry is in it for the long haul.

"There's no question that there's still growth left in DBS," Merrill Lynch & Co. analyst Tom Watts said, predicting that subscriber counts could reach 17 million before the industry sees a slowdown.

Added Chuck Hewitt, president of the Satellite Broadcasting and Communications Association, many analysts made predictions a year ago that industry sales would be flat this year, "and yet, we continue to have record months."

At the end of October, DirecTv had a total of 4.165 million subscribers. Its monthly net of 107,000 was down compared with its September figure of 121,000, but up versus last October's net of 101,000.

EchoStar's subscriber count totaled 1.709 million at the end of last month, during which it added 100,000 new Dish Network customers. This marks a 33 percent increase over last October, when it acquired 75,000 subscribers, and it was also up versus the 81,000 customers that the company signed this September.

October also brought relatively good news for PrimeStar, which added 40,707 net subscribers, bringing its total to 2.207 million. In September, PrimeStar netted only 10,002 new customers.

The C-band satellite industry's subscriber base is hovering at just under 2 million, and it continues to lose a small percentage of its customers each month.

DBS numbers are expected to go even higher over the next two months, as consumer-electronics retailers dress up their stores for the holidays and turn up the heat on their advertising to draw floor traffic.

RadioShack, for example, plans an aggressive television-ad campaign starting right before Thanksgiving, according to its senior vice president of merchandising, Rick Borinstein. RadioShack will promote satellite systems as great family gifts in the ads, along with other RadioShack favorites, such as personal computers,

See SATELLITE, page 54

DBS Report Card

	Total	10/98 Gains	10/97 Gains	9/98 Gains
DirecTv	4.165M	107,000	101,000	121,000
EchoStar	1.709M	100,000	75,000	81,000
PrimeStar	2.207M	40,707	55,000	10,002

Note: C-band has about 1.9 million homes.
Source: Company reports, SkyTrends

Satellite Soars Past 10M Mark

Continued from page 3

digital phones and remote-controlled cars.

Both RadioShack and Sears, Roebuck & Co. have seen tight supplies on DBS product over the past year.

"We've been chasing product all year long," Borinstein said. "This shows that it's a healthy industry."

In addition to the usual holiday crowds, larger retail chains are expected to benefit from the focus that high-definition television may bring.

Stanley E. Hubbard, president and CEO of USSB, believes that while many people may not be able to afford HDTV right away, having a DirecTv/USSB system on the same sales floor might help them to take notice of the digital-quality picture and sound that DBS offers.

EchoStar faces a substantial disadvantage over DirecTv in November and December, EchoStar treasurer Rick Westerman said, because it lacks its rival's level of consumer-electronics distribution: EchoStar's mostly smaller-store base doesn't command the same level of holiday traffic that the larger chains do.

"We've been chasing product all year long."

Rick Borinstein, senior vice president, merchandising, RadioShack

"The advent of HDTV will drive people into the [consumer-electronics] stores, so we want to be there," Westerman added.

EchoStar does have advantages over DirecTv in other areas, however. The company reported that its subscriber-acquisition cost for the third quarter was only $240 per gross addition — significantly lower than the figure that DirecTv reported.

Westerman said he expects EchoStar's acquisition cost to surpass $300 during the fourth quarter to help cover the cost of the company's "OneRate" promotion, which offers free hardware systems to certain new subscribers.

Wall Street analysts were pleased that EchoStar reported positive cash flow for the third quarter: It reported $325 million in revenue and $74 million in premarketing cash flow. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the quarter were $9 million.

"DBS had a good quarter," Bear Stearns & Co. analyst Vijay Jayant said, "and EchoStar was the star." MCN

Exhibit 11

Satellite Communications: Getting Your Satellite Dish for Free

Marc E. Nabi (212) 761-8228 – 10/13/98

The whole multi-channel pie is expanding. Cable television operators have been reporting healthy subscriber growth, and the direct broadcast satellite (DBS) industry is achieving record subscriber growth. So far, 1998 has been the best year for DBS growth because of the heightened awareness of its product, the cable industry's slower-than-expected digital cable offerings, and higher levels of subscriber promotions. We expect the DBS industry to add about 2.40 million subscribers in 1998 versus 2.05 million in 1997, a 17% increase.

Better-than-expected DBS subscriber growth should continue into the holiday selling season, for several reasons. These include aggressive marketing tactics by the operators, regional Bell operating companies (RBOCs) offering DBS service, and good customer satisfaction marks. So it appears the wind really has changed course and is behind the DBS industry's back, particularly DirecTV (a unit of Hughes Electronics — GMH, $37, Not Rated) and EchoStar Communications (DISH, $23, Strong Buy, target $39).

DirecTV and EchoStar have gained a significant number of subscribers due to aggressive marketing promotions. Since September 1998, the DBS industry has added 1.55 million subscribers, compared with 1.31 million in the previous year, an 18% year-over-year increase. Subscriber growth, in our opinion, would have been higher were it not for PrimeStar's higher-than-average churn rate, which should be addressed near term. As a result, we forecast that 1999 net DBS additions, at 2.6 million, will be 8% better than the 2.4 million projected for 1998.

EchoStar's 4Q98 subscriber growth should outpace the DBS industry. DirecTV and EchoStar are leading the DBS pack in 1998. Both have increased market share and reported subscriber growth greater than 20%. For the last nine months, DirecTV added 757,000 subscribers while EchoStar obtained 569,000 subscribers, resulting in growth rates of 28% and 21%, respectively. DirecTV's growth should slow somewhat, since it had significant subscriber additions in 4Q97 due to aggressive marketing by Hughes Electronics. As a result, DirecTV's subscriber growth should be 8–9% in 4Q98 versus 25–30% in the first nine months of 1998. For the full year, we expect DirecTV to add 1.2 million subscribers, yielding the company 4.5 million subscribers.

EchoStar should report higher subscriber growth in 4Q98 due to limited amounts of equipment available to retailers between November 1997 and January 1998. Due to an August 1997 change in the company's subscriber promotion (reducing the price of its equipment to $199 without a one-year programming contract), Echostar obtained more subscribers than its equipment suppliers could handle, resulting in a shortage in 4Q97. As a result, EchoStar's 3Q98 subscriber growth was lower than 3Q97 due to the tough comps. However, with eight months of strong subscriber growth and another likely strong quarter to go, we estimate that EchoStar will have almost 1.9 million subscribers, which assumes that it will add about 850,000 customers in 1998.

EchoStar is changing the competitive landscape by essentially giving away the DBS equipment. EchoStar recently announced that it will give customers a $249 rebate if they sign a contract for DISH Network's higher-priced programming tier (America's Top 100) and two premium programming services (e.g., HBO and Showtime) for one year. This program essentially gives the consumer the DBS equipment free. DirecTV's current promotion (which is set to expire in the second week of October) is to offer a $200 rebate to consumers only if a customer purchases its NFL Sunday Ticket Package and subscribes to its highest-priced tier. We believe that the other DBS operators will probably offer similar types of promotions.

Are subscriber acquisition costs moving higher? It costs PrimeStar $750 to acquire a new subscriber, and we believe that, if anything, those subscriber acquisition costs should decline. However, EchoStar's acquisition costs should rise, and we have already assumed this increased expense in our forecast. EchoStar's $249 promotion will increase the company's acquisition costs per gross addition by $50, to $350 from $300, since management expects only 25–30% of the incremental subscribers to take the offer. DirecTV has said that its subscriber acquisition costs are approximately $425 per gross addition, where the company believes it will remain. While the cost to manufacture the equipment should eventually decline over time, we believe that to maintain a healthy DBS subscriber growth rate beyond 1999, the operators will offer more promotions in place of the cost savings. This essentially means that DirecTV's and EchoStar's subscriber acquisition costs should remain at the same level they are at today, $425 and $350, respectively.

RBOCs' announcement should fuel the next wave of subscriber growth for DirecTV/US Satellite. DirecTV's and US Satellite Broadcasting's (USSB, $5, Neutral) marketing alliances with several local phone operators should spark the next wave of subscriber growth, in our view. The operators plan to market the DBS services to their existing phone customers who live in multiple-dwelling units or single-family residences. We believe that a sizable portion of DirecTV's incremental subscribers will come from these local phone companies, which are located in 40 states and cover 50 million homes. The phone companies will install the DBS service, use their customer-service representatives and their billing systems. DirecTV and US Satellite Broadcasting will receive a payment for the use of their program offerings and brand names. While beneficial to DirecTV and US Satellite Broadcasting, the strategy also helps the RBOCs, since it provides them with a robust multi-channel platform without a significant capital investment.

DBS market share and future growth. We estimate that the number of DBS subscribers will advance 39%, to 8.7 million in 1998 from 6.3 million. We believe DirecTV will continue to maintain its above-50% market share thanks to the 26,000 retail outlets where it distributes service. EchoStar service is located in 16,000 outlets. EchoStar's better-than-expected subscriber growth and PrimeStar's low level of subscriber additions have increased EchoStar's new subscriber market share from 33% in 1997 to 37% in 1998, providing EchoStar with 20% of the DBS market. Our 1998 subscriber addition market-share projections for EchoStar could be even greater if PrimeStar is unable to decrease its churn rate.

18 million DBS subscribers forecast by 2007. As multichannel services become more prevalent throughout the United States, we estimate that in 2007 about 82% of U.S. television households will pay for either a cable or satellite (DBS or C-band) service. This is a 600–700-basis-point advance from the approximate 75% of the U.S. television households today that pay for a multichannel service. We forecast that the DBS industry should grow from 8.7 million subscribers in 1998 to 18 million by 2007. We assume that in five years there will be about 16 million DBS subscribers, equal to about 15.5–16.0% of TV households. DBS growth should moderate thereafter, and as a result the DBS penetration rate to TV households should plateau around 16.5%.

The next DBS industry catalyst: Positive EBITDA in 1999. We believe EBITDA for the DBS industry will be positive for the full year in 1999. DirecTV says that it will be EBITDA-positive after reaching 4.25 million subscribers at the end of November. We do not expect EchoStar's EBITDA to break even until 1H99, as it approaches 2.2 million subscribers. For 1999, EchoStar should have slightly positive or breakeven EBITDA. When the DBS industry is able to prove to the market that it can sustain positive EBITDA, a new valuation approach, enterprise value to EBITDA multiples, can be used, providing a new list of investors to the DBS investment arena.

EchoStar Communications (DISH): DISHing Out Dishes

STRONG BUY

Marc E. Nabi/Richard Bilotti (212) 761-8228/7162 – 11/17/98

Price	52-Wk Rng	Div	Yld	Sh (MM)	EPS 97A	EPS 98E	P/E	EPS 99E	P/E	CEPS 97A	CEPS 98E	P/CE	CEPS 99E	P/CE	5-Yr Est. Growth
32	35 - 14	--	--	45.0	$(7.66)	$(6.62)	NM	$(4.92)	NM	$(3.53)	$(4.19)	NM	$(2.87)	NM	--

We maintain our Strong Buy rating on the shares of EchoStar Communications, the third-largest direct broadcast satellite (DBS) operator, with a 1999 price target of $39 per share. To arrive at our price target, we apply a discounted free cash-flow analysis to DISH Network's operations and discounts to the comparable industry multiples of EchoStar's two other consolidated businesses (EchoStar Technology Corp. and Satellite Services). Our weighted average cost of capital is 13%, which assumes a required return on equity of 16.5%.

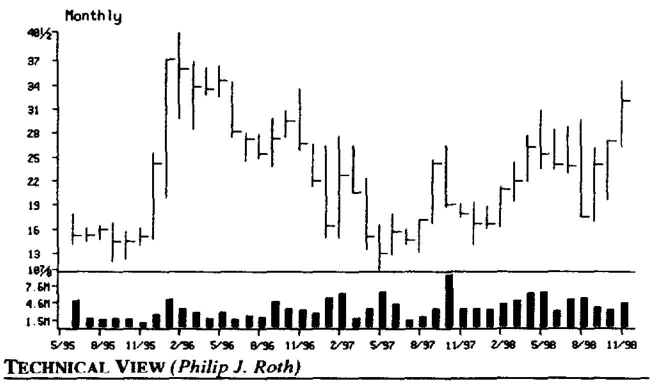
Subscriber additions surpass forecasts. Our Strong Buy rating assumes that the DISH Network's monthly subscriber additions will continue to surpass our expectations. With EchoStar's aggressive marketing tactics, subscriber additions exceeded our forecasts for October, and we believe that future upside surprises for November and December are possible.

DISH captured 40% of new DBS subscribers in October. Last month, EchoStar began offering customers a $249 rebate if they sign a contract for DISH Network's higher-priced programming tier (America's Top 100) and two premium services (e.g., HBO and Showtime) for one year. This program essentially gives consumers the DBS equipment for free; they have to pay for the installation cost (currently $49). The consumer typically feels that the economics of receiving a DBS system are thus comparable to cable. In October 1998, EchoStar captured 40% of the market by adding 100,000 subscribers. We were expecting 83,000 subscribers. EchoStar's 33% year-over-year October subscriber growth rate compares to relatively flat subscriber additions (107,000) for DirecTV (a unit of Hughes Electronics — GMH, $40, Not Rated) and 25% lower subscriber additions (40,700 versus 54,000) for closely held PrimeStar.

Market-share gains should continue. As a result of these 4Q98 promotions — "Get Your Satellite System for Free" or "One Rate Plan" — we believe that EchoStar's market-share momentum will continue in the next couple of months. We forecast gains of about 100,000 subscribers in November and December, giving the company approximately 300,000 subscriber additions in 4Q98. As a result of the better-than-expected October results, we are slightly raising our 1998 subscriber count for EchoStar to 1.900–1.925 million from 1.875–1.900 million. Viewed from another perspective, EchoStar should add about 875,000 subscribers in 1998 versus 690,000 in 1997, a 27% increase.

Increased distribution channels. Aside from aggressive marketing tactics, EchoStar's subscriber growth will also be aided from increased distribution channels. During the third quarter, EchoStar added approximately 1,000 points of presence that carry DISH Network products, increasing its total to 17,000 from 16,000. In addition, during late October, EchoStar signed on the roughly 250 stores of Wal-Mart's Sam's Wholesale Club (WMT, $70, rated Outperform by Bruce Missett, target $78). Although the vast majority of EchoStar's subscriber additions are obtained from TVRO (TV Receive Only) dealerships located throughout the country, management is making an effort to

EchoStar Communications
Stock Price Analysis



TECHNICAL VIEW *(Philip J. Roth)*

Support	Resistance	Next Resistance	Medium-Term Trend
28–29	34–35	39–40	Up

have a larger portion of its new subscribers come from consumer electronics retailers. EchoStar wants to have about 25,000 points of presence by year-end 1999 and appears on track to hit its original 1998 year-end forecast of 18,000–20,000 DISH Network points of presence.

Surpassing 10 million DBS subscribers in 1998. As of the end of October 1998, the DBS industry (including C-band dishes) had more than 10 million subscribers. At the end of 1997, the three DBS operators had the following market shares: DirecTV, 52.5%; PrimeStar, 31.0%; and EchoStar, 16.5%. By year-end 1998, we expect EchoStar to increase its market share by 540 basis points, taken primarily from PrimeStar's lack of subscriber additions. Our 1998 year-end market share forecast is: DirecTV, 51.7%; PrimeStar, 26.4%; and EchoStar, 21.9%.

Better-than-expected 3Q98 results. At the end of 3Q98, Echostar had 1.61 million subscribers, adding 227,000 net subscribers in the quarter. DISH subscribers advanced 96% from the 820,000 subscribers reported at 3Q97 and 16.0% from the 1.38 million reported at 2Q98. In 3Q97, EchoStar added 230,000 DISH subscribers through a promotion offered in August and September. The company reported total 3Q98 revenue of $235.4 million, an increase of 81% from 3Q97's $130.0 million.

DISH Network. The DBS operator had 3Q98 revenue of $181 million versus $95.8 million reported in 3Q97 and $155.0 million in 2Q98. The revenue growth was fueled by the increase in subscribers (227,000 additions in 3Q98 and 789,000 between 3Q97 and 3Q98). In the quarter, average monthly subscription revenue per subscriber advanced 3% from the previous year, to $40.00. Monthly revenue per subscriber also increased on a sequential basis. The increases were the result of a $2.00 rate hike imposed on DISH Network's America's Top 100 package in May 1998. This was EchoStar's first major rate increase, but management recently said that it does not expect to raise the price of its programming packages until March 1, 2000.

EchoStar is trying to migrate a larger portion of its subscribers to the higher-priced package. However, during 3Q98 a larger portion of its new customers took EchoStar's lower-priced program tier. Currently, we estimate that about 59% of DISH Network's subscribers took America's Top 100 package while 35% subscribed to America's Top 40 customers. The remaining 6% took DISH Network's DISH Picks ($9.99). This compares with 62%/32%/6% in 2Q98 and 68%/25%/7% in 3Q97. We forecast EchoStar's subscriber breakdown by 4Q98 to be 60.5%/33.5%/6%.

Echostar Technology Corp (ETC). During 3Q98, the company's ETC division had revenue from direct-to-home equipment sales of $44.2 million versus the previous year's $22.6 million, exceeding our forecast of $32 million. Compared with 2Q98, DTH equipment sales were down 45%. The sequential decrease was the result of sales agreements with two international DTH service operators (ExpressVU-Canada and Telefonica-Spain) being mostly fulfilled in the first half of 1998. Furthermore, 4Q98 equipment sales are expected to be lower than in 3Q98, and 1999 equipment sales should be lower than 1998. As a result, we continue to forecast that 4Q98 and 1999 ETC revenue will be $24 million and $150 million, respectively. As ETC aggressively competes with other DTH hardware manufacturers on future orders, we expect gross profit margins to decline from an estimated 33–34% in 1998 to 25% in 1999.

Satellite Services. This division generates a majority of its revenue from leasing transponder capacity to content providers and Business TV users. Revenue for 3Q98 advanced 49%, to $5.5 million from $3.7 million in 3Q97. However, the satellite service division reported lower revenue as compared with 2Q98. The decrease was the result of EchoStar losing a couple of customers. Management expects 4Q98 to be stronger as a result of recent contracts signed with companies that will use EchoStar's transponders for business television services. EBITDA margins for this division are approximately 75–80%, similar to the levels experienced by other satellite transponder leasing companies.

Surprisingly positive 3Q98 EBITDA. EchoStar surprised nearly everyone by reporting positive EBITDA of $9 million in 3Q98 versus our estimate of a loss of $18 million. We attribute the positive EBITDA to lower subscriber acquisition costs, particularly subscriber promotion subsidies, and the better-than-expected increases in DTH equipment sales. While we do not expect this trend to continue into the fourth quarter, management is looking to be EBITDA-break-even for full-year 1998. With the level of subscriber additions occurring in the fourth quarter, we believe this might be a little optimistic.